

ses higher

STOCKS IN US
The Dow Jones Industrial Average closed at 5,840.15, up 1.4% from 5,754.34 the previous day. The S&P 500 index rose 1.3% to 3,700.00. The Nasdaq Composite Index climbed 1.5% to 1,100.00. The Russell 2000 Index gained 1.2% to 1,000.00. The New York Stock Exchange volume was 3.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN UK
The FTSE 100 index closed at 3,700.00, up 1.4% from 3,649.00 the previous day. The FTSE 250 index rose 1.3% to 3,700.00. The FTSE 100 volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN EUROPE
The DAX index closed at 3,700.00, up 1.4% from 3,649.00 the previous day. The CAC 40 index rose 1.3% to 3,700.00. The DAX volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN ASIA
The Nikkei 225 index closed at 10,000.00, up 1.4% from 9,849.00 the previous day. The Hang Seng index rose 1.3% to 10,000.00. The Nikkei 225 volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN AUSTRALIA
The All Ordinaries index closed at 3,700.00, up 1.4% from 3,649.00 the previous day. The All Ordinaries volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN SOUTH AFRICA
The JSE 100 index closed at 3,700.00, up 1.4% from 3,649.00 the previous day. The JSE 100 volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

STOCKS IN NEW ZEALAND
The NZSE 100 index closed at 3,700.00, up 1.4% from 3,649.00 the previous day. The NZSE 100 volume was 1.2 billion shares. The average price-earnings ratio was 18.5. The average dividend yield was 1.2%.

FINANCIAL TIMES

Weekend FT
Full boats - empty seas

The Oscar for
the best dressed

Save us from
the Sex Pistols

SECTION II

World Business Newspaper

WEEKEND MARCH 23/MARCH 24 1996

New Swedish PM appoints tough finance minister

Sweden's new prime minister Göran Persson stamped his authority on his Social Democratic government with a sweeping cabinet reshuffle in which he appointed a strong finance minister committed to fiscal discipline. Page 22

Guinness, the spirits and brewing group, spent about £400m (£700m) buying back almost 5 per cent of its own shares. The move came a day after the group reported a 4 per cent fall in pre-tax profits last year to £570m. Page 6; Lex, Page 22

Expert warns on TV V-Chip: A US expert on classifying software and video games will tell British Government ministers next week he has serious doubts about the practicality of the V-Chip, the electronic device designed to prevent children watching unsuitable programmes. Page 22

France hits back over US flights: France retaliated against a US decision to accept only half of Air France's requested increase in flights this summer to US destinations by imposing more severe restrictions on US carriers. Page 2

PolyGram, one of Europe's largest entertainment companies, is strengthening its senior management by appointing Roger Ames to the newly created role of president of the PolyGram Music Group. Page 5

BCCI liquidators 'overcharged': British accountants Deloitte & Touche, called in to wind up the Bank of Credit and Commerce International, have been accused by a Luxembourg court of overcharging creditors by £1m (£1.53m) in the immediate aftermath of the bank's collapse. Page 22

London stocks bounce back past 3,700: London shares - guided by corporate and institutional activity - ignored Wall Street, the bond markets and Europe to post a rise despite being 18 points down shortly after opening. The FTSE 100 index climbed back past 3,700 to end the day 8.7 higher at 3,707.0, a rise of 1.7 per cent over the week. Bonds were weak throughout Europe as investors worried about the direction US

Treasuries would take and the effect on interest rates of higher than forecast German money supply figures. London stocks, Page 19; World stocks, Page 17; Bonds, Page 7; Markets, Weekend Page XX

WTO warns on telecoms pact: World Trade Organisation head Renato Ruggiero warned countries negotiating a global telecoms pact that the talks were running out of time - with five weeks left before the deadline. Page 3

Belarus calls for Russian union: Belarus president Alexander Lukashenko pushed the Kremlin for a swift "real" union, in a step which could stoke western fears of the re-emergence of an expansionist Russia. Page 2

Glaxo Wellcome chief executive Sir Richard Sykes earned £2.15m (£3.28m) in the 18 months to December 1995, compared with £941,000 in the previous 12 months. The drugs group has also paid almost £5m to seven former directors figures in the company's annual report show. Page 6

EU offers steel deals: European Commission vice-president Sir Leon Brittan offered Russia and Ukraine the possibility of a free trade agreement in steel with the EU - both have expanded steel exports to the EU since the collapse of the Soviet Union. Page 2

Nadir aide convicted: An aide to former Polly Peck chairman Asif Nadir, was convicted at London's central criminal court of laundering almost £400,000 (£612,000) stolen from the company. Page 4

IRA calls off ceasefire: The republican Irish National Liberation Army terrorist group was urged to call off its threat of new violence in Northern Ireland after it announced the end of its ceasefire and said all its units were back on standby.

Sonde: The FT is extending its coverage of world bond markets - every Saturday it will feature a report on Friday's trading activity. Page 7

Companies in this issue

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| Fincrest | 6 | PolyGram | 6 |
| Flextech | 6 | Radio New Zealand | 6 |
| Fortnum & Mason | 6 | S China Morning Post | 6 |
| GWR | 6 | TVE | 6 |
| Glaxo Wellcome | 6 | Unichem | 6 |
| Global | 6 | Universal Ceramic | 6 |
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EU veterinary experts urge tighter controls ■ 'No proof' of BSE link to humans

Eight more countries ban British beef imports

By Caroline Southey in Brussels, Deborah Hargreaves and George Parker in London, and Peter Norman in Bonn

European Union veterinary experts yesterday called for tighter measures to control the spread of BSE - mad cow disease - as eight more countries imposed a ban on British beef imports.

But they left open the option for the European Commission to recommend tougher action over British beef.

The experts' recommendations came as Britain's beef industry was plunged into even greater isolation following this week's disclosures of a probable link between BSE and Creutzfeldt-Jakob disease in humans.

The EU veterinary experts concluded that the latest data from Britain did not provide proof that BSE is transferable to humans. But they "recognised the need to

review current EU measures in the light of the new information".

The committee backed away from difficult political decisions, noting that it would "welcome any practical measures taken by the EU to address the incidence of the disease and the possible risk of transmission". It left open the possibility of an EU-wide ban on British beef as well as the possibility that cattle exposed to BSE should be slaughtered.

The EU experts recommended a shortlist of new measures including the new tougher controls introduced by the UK government this week. They also underlined the importance of separating potentially infective spinal cord and brains from the rest of the carcass.

The decision on what action should now be taken rests with Mr Franz Fischler, EU agriculture commissioner.

Germany, Italy, Austria, Greece, Finland, South Africa,



A sign at a butcher's shop in Cologne informs customers that the beef on sale there comes only from the German farms listed.

Singapore and New Zealand yesterday banned imports of British beef and cattle. Germany also imposed a ban on the import of beef from Switzerland, where 200 cases of BSE have been diagnosed, and of animal feed from Britain on the grounds that this had been the source of BSE in cattle.

Consumers continued to steer clear of beef and prices dropped by another 10-20 per cent at cattle auctions across the country.

Supermarkets suspended their purchases of British beef, according to leading suppliers.

The UK Consumers Association warned the public that the only way to avoid the risk of BSE was to cut out beef and beef products from their diet.

In the House of Commons, the opposition Labour party called for a selective slaughter policy to start eradicating those British beef and dairy herds worst affected by the BSE epidemic.

Mr Gavin Strang, shadow agriculture minister, said a mass slaughter programme would be welcomed by many farmers and would help to reassure the public that tough action was being taken to tackle the problem.

The Ministry of Agriculture yesterday said 54 per cent of dairy herds and 15 per cent of beef suckler herds had reported at least one case of BSE, with a total of 153,400 cases so far seen in the UK.

Mr Horst Seehofer, the German health minister, said Bonn still wanted a European Union-wide ban on imports of beef and beef-related products from Britain and Switzerland. Infringements of the German bans will be punished with fines up to DM50,000 (\$33,784) or up to one year in jail.

Beef price fall buoyed other meat markets. Page 4; The agony of hindsight, Page 8; Lex, Page 22

Joe Rogaly, Weekend FT

Britain, France and Italy link in £7bn frigate deal

Collaborative venture to provide 22 ships as 'defensive bubble'

By Bernard Gray, Defence Correspondent, in London

Britain, France and Italy have agreed to collaborate on the development of a frigate for air defence of convoys or naval task forces. The £7bn (£10.7bn) programme will produce 22 ships, 12 of which are for Britain, four for France and six for Italy.

Agreement has finally come after eight years of discussion and four of hard negotiation over the terms for the collaborative venture. The final stumbling blocks were removed in the past

few days, allowing the defence ministers to sign the memorandum governing the project yesterday.

The ships are designed to provide a "defensive bubble" which will protect civilian cargo convoys or naval battle groups from attacks by enemy aircraft or by sea-skimming missiles such as the sea-skimming Exocet.

Britain needs the ships to replace its ageing Type-42 destroyers which date from the 1970s, while France wants to

replace its Suffren ships and Italy its Doria and Audace frigates.

Each country will build its own first-of-class vessel, with Yarrow on the Clyde, owned by the General Electric Company, the nominated yard for the UK. France's first ship will be built by DCN and Italy's by Orizzonte. The first vessels are due to enter service in 2002. Follow-on ships are likely to be produced by each country after competitions.

While construction facilities will be duplicated in each country, the joint project will be cheaper than separate national programmes because the development costs will be shared and there will be longer production runs for the main equipment.

Development of the anti-aircraft and anti-missile ship will be split into two parts. The main missile system and its controlling radar, codenamed the Principal

will be duplicated in each country, the joint project will be cheaper than separate national programmes because the development costs will be shared and there will be longer production runs for the main equipment.

Development of the anti-aircraft and anti-missile ship will be split into two parts. The main missile system and its controlling radar, codenamed the Principal

Anti-Air Missile System, will be based in Paris. This Pams Office will build on a family of missiles which France and Italy have had under development since the late 1980s. Britain will pay the two countries about £100m to compensate them for development work already completed.

Design of the ship, its command and control and secondary weapons systems, designated

Project Horizon, will be run from a project office in London.

In a break with European tradition, the Horizon team will procure systems for the ship by competition, rather than by work being allocated according to the number of ships each country buys. However, the Horizon office will try to balance the allocation of work over the course of the programme.

Eurofrigate planned for a new type of war, Page 2

China-US relations hit low over snub for defence chief

By Tony Walker in Beijing and Laura Tyson in Taipei

Relations between China and the US took another downward lurch yesterday as a proposed visit to Washington by Beijing's defence minister was deferred indefinitely and each side claimed it had delivered the snub.

As the US increased its naval presence off Taiwan on the eve of the island's first democratic presidential elections today, Beijing's official Xinhua news agency said the time was not ripe for General Chi Haotian, defence minister, to accept an invitation to the US.

"The US government's recent actions in connection with the Taiwan Strait have aggravated

tension there, wantonly interfering in China's internal affairs," Xinhua said.

No date had been set for Gen Chi's visit, but Mr William Perry, US defence secretary, had been seeking the visit since last year, Xinhua said.

The Pentagon said Mr Perry had himself postponed the general's visit, which had been agreed for next month. A letter to this effect was delivered to Beijing on Thursday night Washington time, a statement added.

In an effort to rattle Taiwan ahead of the polls, China has held military exercises in the Taiwan Strait, prompting the US to put up a show of force nearby. President Lee Teng-hui, the

Taiwanese incumbent and front-runner, cheered the arrival in the region of the US aircraft carrier Nimitz and lambasted Beijing for objecting to its dispatch.

Some people said the Nimitz's presence constituted "foreign intervention". Mr Lee told a campaign rally in southern Taiwan. "That's because they don't understand that democratic countries should take care of democratic countries."

The president told supporters in the closing hours of his campaign that he was not a "weak-legged shrimp" who would knuckle under to China's threats.

Continued on Page 22
Hong Kong notebook, Page 9

STOCK MARKET INDICES

| | | | |
|-------------------------------|------------------------|-----------------------------|----------------------------|
| FT-SE 100: 3,707.0 (H.7) | US LUNCHTIME RATES | STERLING | DOLLAR |
| Yield: 4.00 | Federal Funds: 6.4% | New York lunchtime: 1.53435 | New York lunchtime: 1.4765 |
| FT-SE 250: 3,700.0 (H.7) | 3-m Treas Bill: 5.625% | London: 1.5348 | London: 1.4765 |
| FT-SE 100-250: 1,912.99 (H.7) | Long Bond: 9.1% | DM: 2.2643 (2.2638) | DM: 1.4765 (1.4763) |
| FT-SE 100-250: 1,912.99 (H.7) | Yield: 6.539% | FF: 7.7703 (7.7807) | FF: 5.0228 (5.0213) |
| FT-SE 100-250: 1,912.99 (H.7) | | SF: 1.8318 (1.8336) | SF: 1.1935 (1.1943) |
| FT-SE 100-250: 1,912.99 (H.7) | | Y: 163.832 (163.778) | Y: 106.745 (106.53) |
| FT-SE 100-250: 1,912.99 (H.7) | | C Index: 83.9 (84.0) | S Index: 85.8 (85.7) |
| FT-SE 100-250: 1,912.99 (H.7) | | | Tokyo close Y 107.0 |

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NEWS: EUROPE

Russia, Ukraine may win EU steel pact

By Stefan Wagstyl,
Industrial Editor

Sir Leon Brittan, vice president of the European Commission, yesterday offered Russia and Ukraine the possibility of a free trade agreement in steel with the EU.

This would mark a big extension of the EU's policies for the integration of countries of the former Communist bloc. It would also be an economic boost to Russia and Ukraine, as both have already greatly

expanded steel exports to the EU since the collapse of the Soviet Union.

These exports are currently limited by a two-year quota agreement which expires at the end of 1996.

By contrast, eastern European countries, including Poland and the Czech Republic, have a free trade agreement under which quotas, duties and other restrictions have been abolished on imports into the EU.

Speaking at the Financial

Times steel industry conference in London, Sir Leon said the EU could consider opening its steel markets to Russia and Ukraine in the same way as it had done for eastern Europe.

But he emphasised EU markets would be opened only if the two countries cut state subsidies to their producers and created competitive steel industries. They had to adopt EU-style rules limiting steel subsidies, he said.

"A commitment to quota-free trade over a number of

years could be considered, provided Russia and Ukraine are ready to take on and implement clear undertakings to apply competition and subsidies rules similar to those that we apply in the EU."

Sir Leon said Russia and Ukraine had to honour their commitments to the EU about restructuring. "Progressive access to the community markets must go in hand with their effective creation of a market economy."

However, EU steelmakers

reacted cautiously to Sir Leon's proposals.

An official at Eurofer, the industry organisation, said: "Nobody thinks subsidies will really be abolished in these countries in the next few years. Sir Leon is a very realistic man. I'm sure he will be realistic about this."

According to Eurofer, steel imports from the former Soviet Union rose sharply last year from 165,000 tonnes a month in 1994 to 292,000 tonnes. Imports from eastern

Europe jumped from 408,000 tonnes a month to 490,000 tonnes.

Sir Leon also pledged that the recent state aid granted to Irish Steel, the loss-making Irish producer, would be the last subsidy approved in the EU, except for the very limited range of subsidies explicitly authorised under the EU's state aid rules.

The Irish aid plan was approved only after Dublin overcame intense opposition from London.

Belarus call for union with Russia

Lukashenko's plea may please Moscow but stoke western fears of a newly expansionist Russia

Mr Alexander Lukashenko, the firebrand president of Belarus, yesterday pushed the Kremlin for a swift and "real" union, in a step which could stoke western fears of the re-emergence of an expansionist Russia.

Mr Lukashenko's demand is also likely to create political difficulties for Mr Boris Yeltsin, the Russian president, who must cater to the popular yearning for the recreation of the USSR but runs the risk of antagonising western countries.

"It is vital to conclude a real union treaty between Russia and Belarus," Mr Lukashenko said yesterday before flying to Moscow for a meeting with the Russian president.

The Belarussian leader, who was elected on the strength of his pledge to re-unite his impoverished republic with Russia, said he would press Mr Yeltsin for "a treaty free of all ambiguities and creating union institutions with a supranational nature".

In the past, Russian authorities have welcomed Belarus's marriage proposals in theory, but quietly discouraged them in practice because of the high economic price of re-union. But, in the turbulent run-up to Russia's presidential elections in June, Mr Lukashenko's fresh demands may have greater impact.

The prospect of speedy re-unification of Russia and its Slav neighbour could exacerbate mounting western worries that Moscow could be returning to an openly expansionist foreign policy.

Those fears were boosted last week when the Russian parliament voted to



Expansive gesture: Boris Yeltsin shows Warren Christopher (right) around the Kremlin yesterday

annul the treaty which dissolved the Soviet Union, a step which Mr Warren Christopher, the US secretary of state, called "highly irresponsible".

Mr Christopher's condemnation was directed at the Communist-dominated legislature, and during a visit to Moscow yesterday he remained strongly supportive of Mr Yeltsin's administration. Notwithstanding the firm avowal by Mr Yevgeny Primakov, the Russian foreign minister, that Russia would "never" agree to

Nato expansion, Mr Christopher went out of his way to emphasise Washington's commitment to "Russian reformers".

But if the Kremlin boss accepts Belarus's plea for quick union, the warm support Mr Yeltsin has enjoyed from the west could turn into a cold shoulder.

However, the pressures of domestic politics, where the re-creation of the Soviet Union is a popular theme, could make it difficult for Mr Yeltsin to reject the Belarussian proposal openly.

Some Russian analysts have also suggested that re-union with Belarus could become a useful political tool for Mr Yeltsin and his entourage if, closer to the polls, they feel a Communist victory is inevitable.

Domestic observers have speculated that union with Belarus could serve as a pretext for postponing the presidential ballot on the grounds that Russia's constitution would need to be re-written.

Chrystia Freeland

France hits back at US flight cuts

By David Buchanan in Paris

France yesterday retaliated against a US decision to accept only half of Air France's requested increase in flights this summer to US destinations by imposing more severe restrictions on US carriers.

But France's transport ministry and the DGAC civil aviation authority said they still hoped for an agreement with Washington. Mrs Anne-Marie Idrac, the junior French transport minister, and Mr Charles Bunnick, the US assistant transportation secretary, are expected to go ahead with a meeting in Paris next week.

Since 1982, when the last US-French bilateral air accord lapsed, flights between the two countries require the approval of both governments. On Thursday, the US announced that it would only accept about half of the 30 per cent increase requested by Air France for summer flights to the US above last year's level.

This move, a DGAC official conceded yesterday, scaled back the increase for Air France to around the 8-10 per cent capacity increase requested by US carriers to France this year and approved by the French government last month on condition of reciprocity.

Therefore, the French government last night informed six US carriers that it had revised their flight plans to allow only the equivalent of a 3 per cent increase in seats on flights to France. This reduction, which French officials calculate is equivalent to the 176,000-seat cut imposed on Air France, will affect flights by Continental from Houston, by United from Washington, by TWA, American and Delta from New York, and by Tower Air from other destinations.

Eurofrigate planned for a new world of regional conflicts

Bernard Gray on a project that is a legacy from the Falklands

It was Britain's bruising experience in the Falklands war which led, by a long and winding route, to yesterday's decision to go ahead with a new tri-national frigate. The sight of burning hulks such as the Atlantic Conveyor and HMS Sheffield shocked military planners, and graphically demonstrated just how vulnerable cargo vessels and even warships are to modern missile and aircraft attacks.

For eight years Britain has been investigating the problem with France and Italy. The announcement that memoranda of understanding have been signed clears the way for development of a new frigate and air defence system which will be in service by 2002. Eventually, 22 ships are to be built for the three navies, at a cost of £bn (\$1.6bn).

The difficulties which have surrounded the negotiations illustrate the marked differences in naval strategy between the three nations and the resulting requirements they have for their ships. They are also a lesson in how hard international collaborative procurement can be.

Italy and France have been working for almost a decade on a family of anti-aircraft missiles. As part of this, the two countries have devised a ship and radar combination which should allow a frigate to defend itself against aircraft attack, or even deadly sea-skimming missiles such as the Exocet, which wreaked such havoc in the South Atlantic.

This design reflects the naval needs of the two countries. France needs escort ships for its new De Gaulle class nuclear-powered aircraft carrier, in such a battle group the carrier can provide its own fighter air cover and long-range radar warning. The escort only needs to defend itself on forward picket duty, or to defend the carrier if it is close by.

Italy's naval operations are largely within the Mediterranean, where its ships are for the most part within range of land-based fighter cover. Both requirements mean that the ships' missile systems can be restricted to "point defence" of the ship and the very close area around it.

Britain, however, is more

ambitious. It wants a defence system capable of throwing a protective umbrella over a much wider area so that it can, for example, defend a convoy of merchant ships without aircraft cover in the remote waters of the North Atlantic. It also wants to protect naval task groups on patrol outside the European theatre; the role it had in mind for its Type-22 frigates in the Falklands.

This is a much more difficult job than point defence. The ship's radar needs to be more powerful to pick up missiles at longer range. It is also much harder to hit a missile moving at right angles to the frigate at high speed heading for another ship, than it is to destroy one heading right towards you at a constant angle.

As a result, Britain wants to use its own new Sampson radar. Italy, however, having spent a great deal of money developing its own Empar radar, was not happy to have the system shunned by the UK.

Arguments over the choice of radar spilled over into negotiations about the missile system, and how much Britain should pay to join in when much of the development

money has already been spent.

France and Italy have been concerned that the UK could study the technical details of the missile family which they have developed at a cost of FF10bn (\$1.97bn), and then walk away from the programme. The UK is worried that without access to the technical details it could pay to join a missile programme which will not live up to its requirements.

The compromise which led to yesterday's signing meant that Britain will pay a limited amount and will then study the missile data for 10 weeks. If the system is acceptable, the UK will pay a full entry fee, thought to be around £100m; if it is not, the UK can pull out.

If the missile comes up to scratch, the Common New Generation Frigate will steam ahead in two phases. One group, called Project Horizon, will be responsible for design of the ship and all its weapons and command systems but the main missile and radar.

This ship project office will be based in London. It will ask companies to bid for packages

of work competitively, rather than by the traditional "work share" system, though the office will broadly try to align the amount of work going to each country with the number of ships it buys.

The other group, responsible for the missiles and radar, will be based in Paris and is called the Principal Anti-Air Missile System office. The Paams office will design a missile and command system to work with both types of radar.

Its main task will be to develop a system which can handle the vast quantities of data coming from the radar and issue orders to several missiles at once. If it works it will produce an automatic system operating much faster than its human masters can think.

If it works, the Royal Navy hopes that it will never again have to sit in the cold oceans, uncertain of what is over the horizon, but uncomfortably aware that there is little it can do to stop it.

With the emphasis moving away from land battles in Europe to regional conflicts around the world, that sophisticated air defence is a capability it may well need.

Bucharest tightens forex curbs

By Virginia Marsh in Budapest

Romania's central bank yesterday stepped up its efforts to impose order on the country's fledgling foreign exchange market and stabilise the national currency by withdrawing dealing licences from all but four banks.

It said that, from next week, the four - three powerful state banks and a local private sector bank - would be the only marketmakers. All other banks would be restricted to buying or selling foreign exchange for customers and would no longer be able to deal on their own account.

"We are very disappointed this has happened," a senior western banker in Bucharest said. "A competitive, open market is a premise of a modern market economy - that seems to be missing here."

He said it remained to be seen whether the four would

act as genuine marketmakers but noted they had little experience and that, unlike under international norms, they would not be obliged to trade when quoting prices.

Bankers said they were concerned the problems in the forex market would have a negative impact on Romania's standing abroad at a time when it is planning its first international bond issues.

The move follows a similar ban, announced on Monday, on five private-sector banks, including ING of the Netherlands, on the grounds that they had broken stringent forex regulations brought in this month, it coincides with political pressure on the central bank both to prop up the leu, which has lost two thirds of its value in the past year, and to unify a fractured foreign exchange market, a condition of badly needed balance of payments support from the Inter-

national Monetary Fund and the European Union.

For several months there has been a wide gap - sometimes as great as 25 per cent - between the official rate of the leu and that offered by most private sector banks or licensed exchange houses. Officials suspected some of those active until now in forex operations of exceeding newly set spread limits, dealing at prices other than those posted on their trading screens, and other dubious practices.

However, the leu has also been under pressure from high inflation, last year's large current account deficit and inadequate central bank reserves.

Before this week, 22 banks including the local branches of Société Générale of France and ABN Amro of the Netherlands were active in the country mainly as dealers in the forex market - a nominally free interbank market launched at

EUROPEAN NEWS DIGEST

Bonn setback over telecoms

The German government's bill to liberalise the telecommunications market and pave the way for the partial privatisation of Deutsche Telekom suffered a setback yesterday when it was rejected by the Bundestag, the second chamber of parliament in Bonn.

Representatives of the federal states, or *Länder*, demanded a number of significant amendments, including a right for local authorities to levy fees on telecom companies using public rights of way for their cables and a requirement that all telecom operators in the liberalised German market should provide "universal" services for all people who wanted a phone.

Because the Bundestag is controlled by a majority of states with Social Democrat-dominated governments, it is quite normal for a government bill to be rejected on its first reading. But the telecommunications bill was the subject last year of an unusual accord that ironed out differences between the government and the opposition SPD in the Bundestag, the lower house of parliament. The government had originally hoped that this agreement would speed its legislation through parliament so that it could become law before the summer recess.

Officials at the ministry of post and telecommunications were hopeful yesterday that a compromise could still be reached in good time with the *Länder* so that the Deutsche Telekom flotation is not disrupted. Peter Norman, Bonn

Ukraine budget passes

Ukraine's parliament yesterday passed a budget for 1996, which should unlock suspended financial support from the International Monetary Fund. The IMF board on April 6 considers a \$800m stand-by loan, whose approval had been made conditional on a new budget.

The vote appears to put Ukraine back on the reform course four months after the IMF refused to release the remaining \$700m of a \$1.6bn stand-by loan. Kiev had failed to keep current on its external debts and overshot its fiscal deficit target. Inflation, over 7 per cent last month, also was too high. To better monitor compliance this time, the loan will be reviewed bi-monthly until September, when Kiev hopes to reach a deal on a new three year loan.

This year's budget foresees a deficit equivalent to 4.2 per cent of gross domestic product. Kiev pledged to fund some of the deficit by printing money and the rest through the fledgling domestic securities market or by other non-inflationary means. Matthew Kaminski, Kiev

Fish quota upsets Russia

Russia protested yesterday over a new quota arrangement to limit fishing in the northeast Atlantic Ocean.

Mr Vyacheslav Ziljanov claimed the quota deal discriminated against Russia by slashing the amount of fish it could catch. The dispute follows three days of talks in London with other members of the North East Atlantic Fisheries Commission: the European Union, Denmark, Iceland, Norway and Poland. The northeast Atlantic stretches from Norway in the east to Greenland in the west.

The Russians claim that from 1981 to 1985 their commercial fleets took on average over 60 per cent of the catch, which was then unregulated. Mr Ziljanov said his country was now willing to accept an upper limit of 38 per cent of the total catch, but was offered 23.5 per cent. But the head of Iceland's negotiating team, Mr Gudmundur Eiriksson, said countries bordering the disputed waters should have priority rather than Russia. "The Russians wanted 51,000 tonnes, they were offered 36,000 tonnes," Mr Eiriksson said. AP, London

Hungary set to join OECD

Hungary is next week set to become the second former eastern bloc country to join the Organisation for Economic Co-operation and Development, the Paris-based club of the world's 26 most industrialised nations. Mr Imre Dunai, industry and trade minister, said yesterday the country would be invited to join on March 28 and was expected to be admitted formally the following day. Budapest sees OECD membership as an important milestone in its bid to join the European Union. The OECD admitted the Czech Republic last year but made Hungarian membership conditional on an IMF agreement which finally went through last week.

Mr Dunai said membership would prove Hungary had established a functioning market economy and a modern judicial system. Joining would boost investor confidence in Hungary and should enable it to borrow on better terms in international markets. Virginia Marsh, Budapest

France Télécom strike planned

French unions said yesterday they were calling a 24-hour strike on April 11 to protest against proposals to change France Télécom's legal status in preparation for partial privatisation. A spokesman for the Force Ouvrière (FO) union said the strike call was decided jointly by all the unions involved - the FO, CFTD, CFTC, CGT and others.

The prime minister, Mr Alain Juppé, announced proposals on Monday to change the state telecommunications operator's status but promised to protect the civil servant status of those who already have it and said the state would retain a majority stake. Reuters, Paris

Four on war crimes charges

The UN criminal tribunal for former Yugoslavia yesterday charged three Bosnian Muslims and a Croat with war crimes, its first indictments for crimes against Serb victims.

The tribunal said Zeljko Delic, 47, who was arrested by German police in Munich last Monday, commanded a unit of the Bosnian Muslim forces from June to November 1992. It accused him of overall responsibility for all the crimes committed by his subordinates, including the murder of at least 14 Serbs and various acts of torture and rape.

Camp commander Zdravko Mucic, 41, was also charged with the 14 murders. Hazim Delic, 31, deputy to Mucic, was accused of four murders, torture and rape, while the fourth accused, 23-year-old camp guard Esad Landzo, was charged with five murders. Reuters, The Hague

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Subsidy programmes and controls over what farmers plant to be scrapped

Congress to pass tough farm reform

By Patti Waldmeir
in Washington

The US Congress is expected next week to pass the most sweeping agricultural reform bill since the Depression, ending government controls over what farmers plant and eliminating half a century of subsidy programmes.

The legislation, hammered out in a joint House-Senate committee, is virtually assured passage through Congress.

Republicans have claimed victory over the bill, which turns US agriculture away from heavily interventionist policies which include price-based subsidies and the government planting controls which accompany them.

Senator Richard Lugar, an Indiana Republican who heads the agriculture committee, hailed the compromise legislation, saying it "changes agricultural policy more fundamentally than any law in 60 years".

He said the bill would "unleash American agriculture to make more money" by feeding a growing world population in the era of free trade.

Mr Dan Glickman, President Bill Clinton's agriculture secretary, has said he will reluctantly recommend that the president sign the bill. US farmers want quick action on it, to enable them to make decisions in regions where the planting season is about to begin or has already started.

Mr Glickman said the bill "has a lot of problems", but he added: "The hour is late and further delay only hurts the people this department is here to serve."

The core of the new bill is

Republicans in the US House of Representatives yesterday pushed through a vote in favour of repealing a ban on assault-style firearms, bowing to pressure from the gun lobby, writes Patti Waldmeir in Washington. But the Senate is not expected to go along and President Bill Clinton has said he will veto any such bill that does pass.

Early debate was dominated by emotional outbursts, including one from Congressmen Patrick Kennedy, whose uncle President John Kennedy was assassinated.

However, Republican leaders in the House said they would push through the repeal to

prove to voters that the party kept its word - highlighting their new presidential campaign theme: "Promises made, promises kept."

The party has long promised the National Rifle Association that it would rescind the ban. That promise unlocked generous campaign contributions from the gun lobby for mid-term elections in 1994.

The vote focuses public attention on an emotional issue which many moderate Republicans - including the party's presumptive presidential nominee, Senator Bob Dole - would prefer to avoid.

Opinion polls show that more than 70 per cent of the public support the ban.

They won the concession that a permanent farm law will remain in place so that all farm programmes do not disappear in seven years, effectively ensuring the debate will be fought again then.

The bill included other sweeteners for the Democrats, including conservation and environmental programmes, and a two-year re-authorisation of the food stamp programme for the poor, a priority of the

administration. Farmers will be paid to idle some environmentally sensitive land, \$1.4bn will be spent curbing water pollution, and a \$300m fund will be created for economic development in rural America.

The legislation also includes an initiative to clean up the Florida Everglades, pushed by Senator Bob Dole as a way of demonstrating Republican support for environmental protection.

Mr Ruggiero, head of the World Trade Organisation, yesterday warned a crisis meeting of countries negotiating a global telecoms pact that the talks were running out of time.

With five weeks left before the April 30 deadline, "there is ground for concern about the amount of work still to be done", Mr Ruggiero said.

Emphasising the importance of telecoms liberalisation to the world economy and the international trading system, he said it "would be simply unacceptable" to let the talks fail.

Trade officials say that talks between the 37 participants in the negotiations, counting the European Union as one, have made little progress.

Mr Ruggiero noted that only 24 participants had submitted initial offers and only seven had subsequently made improvements or revisions.

Many governments were in a position to make new or better offers but appeared to be holding back. "If everybody waits for others to move first there is a real danger of missing the deadline," he said.

The target date would not be moved, he added.

The US has offered to open its own market fully to foreign competition provided a "critical mass" of other countries make good offers of their own.

But US officials said yesterday that "critical mass" was far from being reached.

Mr Mickey Kantor, US trade representative, warned earlier this month that the negotiations would "soon be in serious trouble" if better offers were not forthcoming.

He cited Japan, Canada and a host of developing countries in Asia and Latin America, as well as Israel and South Africa.

Washington has also targeted the EU, which it argues has not made concessions necessary to encourage other nations to put more on the table. EU foreign ministers are due to meet on Monday to try to resolve a row over Commission proposals to improve the EU's offer.

Mr Ruggiero also expressed his disappointment over lack of movement in talks on pre-competitive regulatory principles underpinning the market access negotiations.



Richard Lugar: 'unleashing American agriculture'

Time tight for global telecoms agreement

By Frances Williams in Geneva

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Cavallo rescues Argentina from 'return to past'

Mr Domingo Cavallo, Argentina's embattled economy minister, regards himself as indispensable to the country's economic stability, despite a bruising battle last week with President Carlos Menem over an apparent attempt to return to old-style Peronist policy.

In an interview this week, he maintained his presence had defeated a proposal to create a council of union and business leaders whose decisions would have been binding over economic policy.

Mr Cavallo's intervention had removed all real power for the council, rescuing Argentina from a return to its corporatist past.

Markets were mistaken in their reaction to the cabinet battle, which had led to rumours of Mr Cavallo's imminent resignation. Instead of falling 3 per cent, they should have risen as the economy minister went to battle on their behalf, he said.

Mr Cavallo was responsible for reining in Argentina's hyperinflation and delivering a fragile economic stability that paved the way for Mr Menem's re-election last year.

Since the election, the two men have continually clashed, although last week's argument over the council, initially backed by Mr Menem, was the first face-to-face confrontation.

Mr Cavallo's intervention left the council as a mere consultative group.

"Some analysts think the arguments we have in Argentina relate to personality and to bad temper on my part, regarding them as just a sort of noise created on the surface," he said.

But the "noise" related to substantive discussions about the future of policy, he said.

Mr Cavallo, one of the longest-serving economy ministers this century, might personally want to resign but the prolonged recession and "revival of interest-group pressure to go back to the old policies" made it imperative that he remained.

"If I considered just personal comfort, maybe it would be good for me to take a rest for a while. But I think this is not the right moment for a change."

Mr Cavallo admitted that the economy, which slammed into recession following Mexico's

devaluation of 1994, had taken longer to recover than he had hoped. He said latest estimates suggested that gross domestic product had shrunk by "more than 3.5 per cent", far worse than he has previously admitted.

The economy in the fourth quarter of 1995 had contracted more than the third, he said, reversing earlier claims that the recession had troughed last September.

There were signs, however, of incipient recovery. Demand for public services, such as electricity and transport, were up, while higher value-added tax receipts reflected increased gross sales.

David Pilling in Buenos Aires talks to the embattled economy minister

These had not yet fed through into higher output because the economy was still "digesting high accumulated inventories", he said. "This makes it difficult to say exactly when we will have a strong recovery in GDP. But recovery will come, no doubt."

Economic reactivation had been slowed partly because consumers had become more "prudent" as inflation sank below 1 per cent and shoppers could afford to delay spending decisions.

"In the short term, that has had a cost in that recovery has not been as quick as we would have liked it to be. But in the long term, such attitudes should help to build up the still-low domestic savings rate, which was a prerequisite to healthy, sustained growth, he said.

The savings rate was 19 per cent of GDP last year, still too low but 5 points above the 1991 level. "We still have a low savings rate, but the trend is upwards."

Asked if he had been mistaken in slamming the economy into recession after Mexico's devaluation, he said: "Our mistakes were to have delayed some necessary reforms [on labour and health insurance], not to have gone too fast."

Monks question wisdom of N-plant names

By Eniko Terazono in Tokyo

Japan's normally calm Buddhist monks have joined the green movement, launching protests at the use of Buddhist deities as symbols of the government's nuclear power programme.

Many of the country's more conscientious Buddhists have been unhappy about nuclear plants being named after Buddhist icons, but a leakage of sodium coolant earlier this year at Japan's newest reactor, named after the goddess of wisdom, was the last straw.

The leak from Monju, the country's first fast breeder reactor, in western Japan, prompted a concerted campaign by six Buddhist sects demanding a change of names.

"We cannot have something that is not 100 per cent safe named after a Buddhist god. People in the west would never name a nuclear reactor after a Christian saint," says Mr Toshikatsu Maeda, a chief priest at a temple in central Tokyo.

The incident at Monju has led to widespread concern about nuclear safety.

The outcry spread when an overworked official at Power Reactor and Nuclear Fuel Development (PNC), Monju's state-owned operator, investigating a cover-up of the leakage, committed suicide.

Monju and Fugen, another advanced nuclear reactor nearby, also named after a Buddhist icon representing compassion, are the centre-

pieces of Japan's next-generation nuclear programme.

An official at PNC says it used Monju, usually depicted riding a lion, and Fugen, which rides an elephant, to "show that humans could control nuclear power the way Monju and Fugen control the fierce animals, through wisdom and compassion".

However, the monks claim that the scientific and technological wisdom used for the nuclear reactors is different from the Buddhist concept.

"Wisdom and compassion are the foundations of Buddhism, and should not be used to represent something else," says Mr Maeda.

The monks also claim that nuclear power plants represent modern materialism and greed, which contradict Buddhist teachings of attaining enlightenment by becoming free of worldly attachments.

Next month, at a gathering celebrating Buddha's birth, the six sects are to launch a petition calling for the government to use different names. They have already collected 100 names of celebrities and renowned religious figures opposing the use of the deities.

"Some people have said that it should be called Demon instead," says Mr Maeda, who adds that the group wants to use the campaign as an opportunity to re-examine the materialism and waste which have led to the need for electricity generated by nuclear power.

Threats of the wrath of Buddha, however, do not seem to be enough to move the PNC. Officials say it plans to reject calls for a name change, adding that only administrative guidance from the government will force it to consider new names for its facilities.

Hashimoto faces poll test of unpopular finance plan

By William Dawkins in Tokyo

The government of Mr Ryutaro Hashimoto tomorrow faces its first electoral test since taking office in January, when it contests a parliamentary by-election in Gifu, an industrial constituency of central Japan.

A highly unpopular government plan to allocate public money to the liquidation of bankrupt *jusen* (housing loan companies), seen as crucial to the stability of the financial system, has been the core of election campaigns in Gifu.

Accordingly, the result will have wider financial and economic ramifications than usual for Japanese by-elections, which tend to be decided on narrow constituency matters.

Pre-election opinion polls suggested the result in this

one-time stronghold of the ruling Liberal Democratic party could go either way.

A small majority of those voters professing an opinion supported the government coalition's candidate, Mrs Tsuyako Ono, widow of the former incumbent. But more than half those surveyed late last week were undecided. Uncertainty over Gifu was a factor in yesterday's decline in Tokyo share prices, down by 0.13 per cent, the first drop in six days.

In the final days before the election, both sides sent their most senior figures - Mr Hashimoto from the LDP and Mr Ichiro Ozawa, leader of the opposition New Frontier party - to Gifu, in an attempt to woo floating voters and in recognition of the high stakes involved.

An unexpected setback for the coalition candidate would hamper the government's attempts to get parliamentary agreement for this year's budget, which includes the *jusen* plan.

While that would not mean an end to the use of public money for the *jusen*, it would make it likely that the LDP would have to give in to NFP demands to allow Mr Koichi Kato, LDP secretary-general, to face parliamentary questions over allegations of receiving money illicitly. That could delay the budget for months.

Prudently, the government has prepared an interim budget, to fund existing plans.

A setback for the opposition would weaken its ability to continue its 26-day budget boycott.

INTERNATIONAL NEWS DIGEST

Record exports for California

California companies' export revenues grew a record 19 per cent last year to \$88.6bn, outstripping the overall US growth rate of 13.5 per cent, according to official figures.

Rapid economic growth in the Asia-Pacific region and implementation of import levy cuts provided most of the impetus, which was unexpectedly pronounced in the final quarter.

The benefits of the North American Free Trade Agreement (Nafta) continued to be felt in spite of a 3.8 per cent drop in sales to Mexico - a figure which masked the effect of a 16 per cent rise in exports of electronic and electrical products.

Overall US shipments to its nearest southern neighbour fell 9 per cent.

Japan's soft economy was no impediment to exporters, who reported an increase of 25 per cent to \$16.6bn, thanks mainly to demand for California's "staples" of industrial machinery, computer, electronic and electrical equipment, transportation products and precision instruments.

The 18 Asia Pacific Economic Co-operation (Apec) states accounted for more than 70 per cent of the Californian total, while shipments from Californian businesses to the seven Asian nations accounted for 34 per cent of aggregate US exports.

Christopher Parkes, Los Angeles

Stopgap for US budget

President Bill Clinton was yesterday expected to sign yet another temporary spending bill to keep the US government running until March 29, while talks continue on a budget agreement for the rest of this fiscal year, which ends in September.

Without the measure, funding for nine government departments and dozens of agencies would have run out at midnight last night. The House and Senate passed the bill on Thursday. But Mr Leon Panetta, White House chief of staff, said Mr Clinton would no longer accept the Republicans' strategy of running the government on a series of reduced, short-term funding bills.

"We are not going to tolerate a situation where we have government by continuing resolution," he said, urging Congress to complete work on full-year funding, if necessary by giving up its two-week Easter recess, which is due to begin on March 29.

Patti Waldmeir, Washington

China no nearer to WTO

Talks on Chinese membership of the World Trade Organisation have produced little progress this week and both Beijing and its trading partners now appear to accept that China will not join the WTO this year.

At a meeting yesterday of the WTO working party on Chinese accession, China repeated it had met the basic conditions for WTO entry but "due to reasons known to all" had not been granted admission.

Chinese officials earlier in the week were franker. "We will not get in this year, that is for certain," Mr Wu Jianmin, China's ambassador to the UN in Geneva, said on Wednesday. "This is election year in the US and the administration cannot afford to make gestures to China."

Beijing has repeatedly accused the US of blocking its WTO membership application - but the European Union and other industrialised nations, as well as the US, complained yesterday that China still had some way to go before it satisfied WTO fair trading rules.

Frances Williams, Geneva

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NEWS: UK

'Mad cow disease' Shares in big meat suppliers decline on London market while poultry stocks gain

Argentine ranchers hope for big sales rise

By Jimmy Burns in London

Argentine cattle ranchers, most of them among the biggest landowners in the world, want to take full advantage of the UK's "mad cow" scare. They were hoping it would open a window of opportunity for exporting Argentine beef from grass-fed free-range cattle reared on the prairies to Europe. Some Argentine cattle ranchers were predicting that Argentina stood to double or triple its exports to the UK once Britain had "slaughtered all its own cattle".

In the UK, however, meat traders who import Argentine chilled beef,

mainly for use in restaurants and some hotel chains, were more cautious. Mr Carlos Martinez, general manager at the Trans Oceanic Meat Company, one of the biggest importers of Argentine meat, said yesterday: "Argentine meat producers think they are going to make so much money out of this that they're going to turn into gold. Tragically, I'm having to tell them that it might not quite turn out like that."

One of the major concerns of Mr Martinez is that consumers in Europe will be so affected by the "scare" that they will fail to distinguish between UK beef and beef imported from other

countries. Another continuing problem is that UK store chains have traditionally been reluctant to stock Argentine chilled meat - as opposed to corned beef - because it lacks the bright red "bloom" of UK meat. "We need very careful marketing, specifying 'imported' beef as distinct from UK beef," Mr Martinez said.

Mr Vincent Burke, chief executive of John Warton Meats, said: "At the moment all I can see is a country, the UK, prepared to starve itself of meat. In the short term, there could be a period of total abstinence."

According to Mr Burke, even if there was an upturn in beef produc-

tion, Argentina's ability to exploit the situation fully remains restricted as long as it remains governed by European Union quotas.

Mr Burke said that he expected that the Republic of Ireland, Australia and New Zealand were better positioned in price terms to take advantage of any diversification in beef consumption in the UK. Argentine trade officials hoped, however, that their country's quota levels might be increased, boosting trade with the UK. "We have enough meat we can export and we can build on a growing reputation of quality around the world," an Argentine official said last night.

Argentina's meat exporting sector was greatly encouraged recently when it celebrated one year without an outbreak of foot and mouth disease after farmers had spent an estimated \$100m on a vaccination campaign to eradicate the disease.

Under the so-called Hilton quotas, Argentina is allowed to export 28,000 tonnes a year of chilled quality beef to EU countries per annum, and that quota is already being met. The UK is the second biggest EU importer of Argentine beef after Germany, accounting for an estimated 15 per cent of Argentine meat exports to Europe.

Prices drop at cattle markets

Financial Times Reporters

Gloom among beef farmers deepened yesterday as prices dropped sharply in cattle markets across the country. But the market for other meats was buoyed by increased demand.

Some 884 cattle were sold at auctions with prices averaging 94p a kg - a drop of 25p a kg - according to the Meat and Livestock Commission, the industry's promotional body. But lamb prices were up by between 4p and 22p a kg, with supplies down by about 20 per cent. Pig prices rose by 2p a kg to \$1.10.

Meat prices in mainland Europe rose as many British suppliers turned to the French market to make their purchases. "We are trying to buy our meat from overseas now as our customers don't want British beef. We have seen the market dry up and prices rise by 15 to 25 per cent," said Mr Nik Askaroff, managing director of ADM group, a leading supplier to supermarkets and meat processors.

He said it was unclear how the market would develop in the longer term. "It's as if a bomb had gone off. We are still, like everybody else, waiting for the dust to settle."

Scottish farmers would not exploit the relatively low incidence of "mad cow disease" in Scotland, said Mr Brian Simpson, chief executive of the Scottish Quality Beef and Lamb Association. However, he said that some people in the Scot-



The sign next to a butcher in the Savigny-sur-Orge market in Paris says "No English offal here: eat French".

tish beef industry believed that producers there should take a different line. Since BSE began affecting beef there have been only 7,000 cases in Scotland out of 153,400 in the UK.

Food companies with significant beef sales continued to suffer in the stock market. Shares in Sims Food, a leading UK meat supplier with a big burger manufacturing business, fell another 3p to 19p. The shares have lost more than 40 per cent of their value this week because of the latest "mad cow" scare. Other victims included

Cavaghan & Grey, which supplies frozen meat products to supermarkets and which fell 5p to 97p, and Northern Foods, which dropped 5p to 189p. Producers of poultry products again benefited from the fears over beef products, with Bernard Matthews shares rising 14p to 118p and Hillsdown adding 5 1/2p to 191p.

McDonald's, which sells about 1.8m meals each day in the UK and which derived the vast majority of its UK revenues of \$221m from sales of beef products last year, said it was "100 per cent confident" that its beef was safe to eat.

It said it only uses lean flank and forequarter meat, in which BSE has never been detected, and never uses offal in the production of its burgers.

Similarly, Burger King, which derives 75 per cent of its meal revenues from the sale of beef products, said it "never uses any offal or mechanically recovered meat which may have been alleged to contain the BSE agent".

Wimpy International has given similar reassurances. However, all three organisations said that, if their traditional clientele began to shun their burger products, they might have to consider alternative strategies.

These could include switching to non-UK beef or promotional campaigns to attract consumers to their non-beef products such as Wimpy's The Burger, a 100 per cent pork sausage, or Burger King's Spicy Bean Burger.

Renderers warn of animal waste health hazard

By Deborah Hargreaves in London

The rendering industry, which processes waste animal products, warned yesterday that bones, offal and fat from slaughterhouses could pile up at processing plants and quickly become an enormous environmental health hazard.

If the government does not provide funds to take it away, the industry warned, the health hazard could be even greater.

Following the ban imposed this week on the inclusion of abattoir waste in feed for farm animals, the renderers say up to 20,000 tonnes of waste material a week could go uncollected at slaughterhouses.

"We sincerely hope it will not prove to be the case but we are running commercial operations, and we are faced almost overnight with the total inability to sell our principal product," said Mr Brian Rogers, chairman of the UK Renderers Association.

Rendering companies buy waste animal products from slaughterhouses and process them to produce meat and bone meal. The meat and bone meal is then sold on to animal feed mixers and compounders.

Although the use of meat in cattle and sheep feed was banned in 1988 after it was linked to BSE - bovine spongiform encephalopathy - it was still being used in feed for pigs, poultry and fish.

This week, the government's scientific committee of advisors on BSE reported the possi-

ble of a link between mad cow disease and the fatal human brain illness Creutzfeldt-Jakob Disease. In the wake of the new evidence, Mr Douglas Hogg, agriculture minister, tightened existing measures to prevent the possibility of BSE-infected material getting into the food chain.

The immediate ban on the use of meat and bone meal will lead to a loss of \$1.5m a week in income for the renderers, the companies said. They had been paying abattoirs between £10 and £200 a tonne for waste such as offal, bones, fat and blood but were able to recoup their costs by selling meal onto the feed companies.

"Unless the meat processors pay the renderers to take it away and facilities are provided to the renderers in the form of incineration and landfill plants for the disposal of all such waste, the renderers may have no alternative within a matter of days to cease to collect any such waste," the industry said in a statement.

Ministers are talking to rendering companies about compensation for their losses but the government believes the industry must bear some of the costs, he said.

Mr Jim Reed, director general of the UK Agricultural Supply Trade Association, said farmers would face much higher costs of feed following the meat and bone meal ban, since other proteins for inclusion such as soya meal would have to be imported at record world prices.

UK NEWS DIGEST

Ireland election plan supported

The government and opposition parties in the Republic of Ireland yesterday gave a cautious welcome to the British government's proposal for a May 30 poll in Northern Ireland to select negotiators for the all-party talks on the region's future. Amid signs of growing disaffection among militant republican elements, the British plans were endorsed by Westminster yesterday.

Mr John Bruton, prime minister of the republic, urged parties in Northern Ireland to "keep their minds on the overall objective of talks where everybody is represented; that is the big picture". The election proposals won the explicit endorsement of Mr Bertie Ahern, leader of the Fianna Fail opposition party, which is seen traditionally as close to Sinn Féin, the political wing of the Irish Republican Army. Mr Ahern said there was "hope of movement", and dismissed suggestions that Sinn Féin would boycott the elections. "On the face of it we now have a direct route to all-party negotiations, which is what nationalists want," he said.

The election proposals are expected to be discussed by Sinn Féin leadership after its party conference today. Mr Michael McLaughlin, the Sinn Féin chairman said: "We would have to have much more information on the fine detail of the actual formulation to be used for selecting the successful candidates before we would make a final decision."

John Murray Brown, Dublin

Soccer trains shunned

Soccer specials will not be welcome at the station in north-west London serving Wembley Stadium, Britain's largest sporting venue, after tomorrow's Coca Cola Cup Final. Tough new safety restrictions imposed by the British Transport Police and North London Railway, operator of Wembley Central, will restrict the number of special trains for each event to just two. The decision has dismayed the private companies which operate the football specials, trains chartered by clubs and supporters to take fans to top matches.

North London blamed the decision in part on rail privatisation. "It is all to do with crowd control," an official explained. "Now that the special trains are run by different companies we have to put people back on the train they came down on so we have a different line for every train. We don't have room for half a dozen different queues."

Charles Batchelor, Transport Correspondent

Warning on Internet

The Internet industry must regulate itself or face inappropriate legislation passed by governments reacting to public concern, said Mr Ian Taylor, science and technology minister. "There is genuine concern about some material on it," he said. "The fears are real and understandable, particularly where children are involved. Pornography is the issue which is causing most concern at the moment but it is not alone. There is racist material and items like descriptions of how to make bombs or do harm to oneself."

He was concerned that exploitation of the Net for business might be hindered if people were afraid of what they might find. There had been well publicised failures in Germany and in the US of attempts to control indecent material on the Net. "Imposed regulatory measures are not the easy answers that some would have us believe. The very nature of networks makes them resistant to regulation."

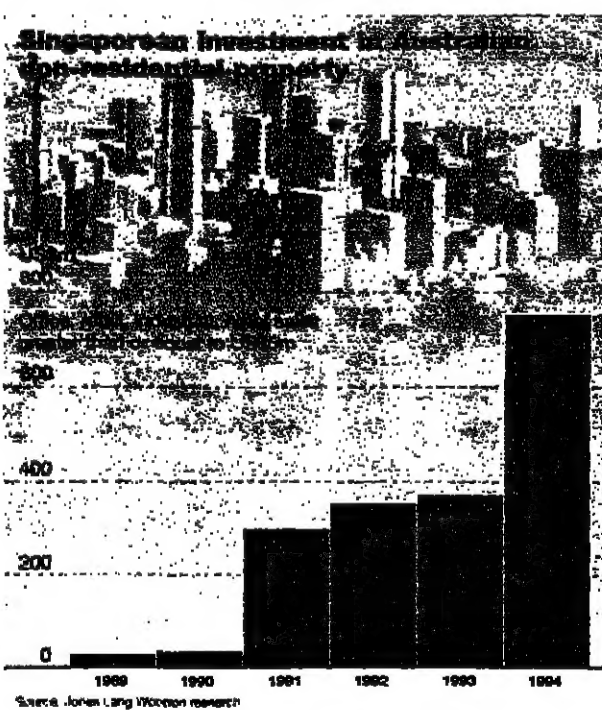
Alan Cane, Industry Staff

VAT ruling on pigeons: The Royal Pigeon Racing Association challenged Customs officers over a ruling that pigeon fancying is a hobby and not a sport, and therefore not eligible for value-added-tax rebates on membership fees. A VAT tribunal has ruled that a sport must involve physical effort, and the Customs and Excise Department said that in pigeon racing the birds and not their owners did the work.

THE PROPERTY MARKET

An Asian wave sweeps Australia

Nikki Tait pinpoints the latest market segments attracting overseas buying interest



Source: Jones Lang Wootton research

days of the early 1990s, when Australian property values slumped and the large local banks were desperate to wind down their portfolios. Investment inflows from the likes of Singapore and Malaysia then climbed steadily in 1992 and 1993, and probably peaked in absolute terms in 1994. Transactions generally fell away last year, as the fire-sales dwindled.

Within the broad "Asian investor" category, Singaporean-based companies and individuals undoubtedly have been the largest contributors, followed fairly closely by Malaysian buyers.

According to J.L.W., the former group alone invested more than A\$2bn in Australian real estate between 1989 and 1994.

But not all properties have

concentrated on "second-tier" properties, rather than those at the premium end of the market, and have been heavily driven by yield considerations. Often they have been willing to pick up properties which are less than fully-leased, and which local investors have been inclined to shun.

"With one or two exceptions, the Asian buyers do not at A\$25m," says Mr Paul Ward, adding that in many cases they are ultimately "looking for a trade".

This is a sharp contrast to the earlier wave of Japanese investment in Australian property during the 1980s, which tended to be concentrated in the A\$50m to A\$200m segment.

Secondly, this new-found interest has not been confined to Sydney. Malaysian invest-

ments, in particular, have been drawn to Melbourne, which houses a fairly substantial Malaysian Chinese community. Perth and Brisbane have also benefited, with the latter attracting a certain amount of Taiwanese money.

"In some ways, they've probably been a little more keen," says Mr Ward of the non-Sydney buyers, noting that Melbourne and Perth property often appears to be cheaper than comparable space in Australia's largest city.

Mr Rees concurs, pointing out Sydney's commercial market has shifted towards refurbishment and development in recent months as vacancy rates have fallen. This is an area which tends to demand larger institutional pockets. In Melbourne, by contrast, vacancy rates are still running at about 20 per cent.

Thirdly, the new investors have been fairly selective in terms of property bought. For the most part, their dollars have gone into commercial real estate: offices and hotels. On the latter score, dozens of properties - literally - have changed hands.

A couple of the big Singaporean investors, such as Mr Wee Cho Yaw's United Overseas Bank group, now control more than 1,000 hotel rooms apiece.

Retail has featured fairly strongly, and there is currently said to be very active interest from Hong Kong buyers at the slightly lower A\$1m to A\$10m price-range.

Interest in residential real estate has been less prominent, but the sector has certainly not been ignored. A subsidiary of Indonesia's Lippo group, one of the country's biggest property developers, recently began work on an apartment block on Sydney's lower north shore, for example. Only the industrial market has been cold-shouldered.

The extent to which this interest has driven the property market up is a difficult question. Most of the buying coincided with the wave of distressed sales by the banks, and it is unclear how that sector might have coped had the Asian dollars not been there.

"I don't think you can say they've kicked it along by 20 per cent, say, because you don't know who was behind them and by how much," says Collier Jardine. "But they've certainly been very significant."

Aide to Asil Nadir is convicted

By John Mason, Law Courts Correspondent

Mrs Elizabeth Forsyth, an aide to former Polly Peck chairman Mr Asil Nadir, was yesterday convicted at the Old Bailey (London's central criminal court) of laundering almost \$400,000 (\$612,000) stolen from the company.

In the first criminal trial following the collapse of the Polly Peck conglomerate, an Old Bailey jury found her guilty by 11-1 majority verdicts of two charges of handling stolen money.

Mrs Forsyth will be sentenced in four weeks. Warning her to expect imprisonment, Mr Justice Tucker, the trial judge, said she "must be under no illusion as to the likely nature of the sentence".

Mr Nadir himself yesterday repeated through his lawyer that he would mount a legal challenge in the UK courts to have the fraud charges against him dropped and then to sue the UK Serious Fraud Office for compensation over the collapse of Polly Peck.

The court heard that in October 1989, £395,000 was stolen from Polly Peck. Mr Nadir authorised the money to



Elizabeth Forsyth leaving the court in London yesterday

be transferred from London to Switzerland. Mrs Forsyth then withdrew it in cash from one bank and deposited it in another from where she diverted it to Mr Nadir's private business empire.

Some £207,000 was used to repay debts to stockbrokers A.J. Bekhor which were incurred in connection with the purchase of Polly Peck shares by a private company belonging to Mr Nadir. A

further £28,000 was spent on Mr Nadir's herd of cattle at Baggrave Farm, his estate in the English Midlands.

Mrs Forsyth, a banker, was employed by Mr Nadir to run South Audley Management, the private company that handled his personal financial affairs.

She flew out to northern Cyprus a year before Mr Nadir's arrival, remaining in the republic until September 1994 when she returned to the UK voluntarily to face questioning by the SFO.

After the verdicts, Mrs Forsyth was escorted from court and taken to Holloway prison in London. Her solicitor, Mr Peter Krivinskas, said: "She is resigned to what has happened and is willing to cope with whatever adversities come her way." Mrs Forsyth intended to appeal against her conviction, he said.

Mr Peter Kiernan, the SFO lawyer in charge of the case, said the office had a responsibility to investigate serious crimes which brought the UK's financial markets into disrepute. "In this case the jury found that there had been a theft and that Mrs Forsyth had acted dishonestly," he said.

Fugitive beset by demands for cash

The world has been catching up with Asil Nadir ever since the day in 1993 when he fled Britain by private jet rather than face charges connected with the collapse of his Polly Peck empire, Jim Kelly writes. The man who once ran a worldwide international business now finds himself in control of a dwindling collection of companies, assailed by demands for the payment of past debts and employees angry over broken promises.

Patience is strained in Nadir's native stronghold - the breakaway republic of northern Cyprus. He is the region's local hero and there is still considerable goodwill attached to his name. He has largely survived, and briefly prospered, through a partnership with Turkish Cypriot businesswoman Ms Sidika Atalay. She is understood to have been behind the purchase a year ago, at a price of about \$7m, of

three Polly Peck companies which controlled assets in northern Cyprus. The shell company which made the purchase was called Learned - Mr Nadir became a director of the company days after the deal was struck, as did Ms Atalay.

It is thought that the companies under Learned's control owe the government of north-

ern Cyprus something in the region of \$5m (\$13.8m) in various taxes. The administration of the normally supportive Mr Rauf Denktaş is running out of patience with a once favoured son as it tries to build a better reputation for the still unrecognised republic.

The administrators of the Polly Peck empire - the

accountants Coopers & Lybrand - are in control of what is left of the group's assets in Turkey although they are frustrated by court injunctions obtained by Mr Nadir which prevent them finding buyers.

The administrators now have legal access to northern Cyprus. They are in control of the Crystal Cove hotel - which they once hoped to sell to Learned before the company appeared to run out of cash - and a few parcels of land which may never be realised due to the costs involved.

Almost \$500m has been recovered since the collapse of Polly Peck and a sophisticated system set up to channel cash to creditors through a labyrinthine network of holding companies and businesses. Last year 1,000 ordinary creditors were paid their first dividend, of 2 pence in the £ at 1990 values.

Gram M
insider



Fortnum

Yorksh
increase

Lloyds Chemists' battle suspended

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *Comparatives for 40 weeks. □ Net property income. ♦After exceptional charge. ♥After

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COMPANIES AND FINANCE: UK

Guinness buys 5% of its shares for £460m

By David Blackwell

Guinness, the spirits and brewing group, yesterday spent about £460m buying back almost 5 per cent of its shares. The group, which was given authority to buy up to 200m shares at last year's annual meeting, had purchased 100m shares through Cazenove at an average price of 46p by 1pm yesterday.

The move came a day after the group reported a 4 per cent

fall in pre-tax profits, for 1995, to £876m on flat sales of £4.68bn.

The shares, which retreated 11½p to 460p on Thursday, recovered 8½p yesterday to close at 466p.

Mr Tony Greener, chairman, said the board had taken the decision to mount the buy-back after the market close on Thursday. "We thought it was right to let the market fully absorb the results and then go for the buy-back - if we did the

two things simultaneously there was a potential for the market to be confused."

The decision demonstrated the financial strength of the group, he said, and its ability to reward investors both through the dividend and the repurchase of shares.

On Thursday, Guinness increased its dividend by 8 per cent to 14.9p. Mr Greener said yesterday that over the last four years the cumulative increase in the dividend was

almost 40 per cent. The buy-back will increase earnings per share - 31.8p last year - by about 1 per cent. If carried out before the end of last year, gearing would have been 38 per cent instead of the 28 per cent reported.

Mr Greener said that the buy-back would in no way inhibit the group's ability to make acquisitions, although the main thrust of the business would be organic growth.

He rejected any suggestion that the brewing side, which lifted operating profits last year by 7 per cent, should be demerged. "The person who drinks beer is likely to be the person who drinks spirits and will move freely between the two," he said. "Our skill is in understanding the alcohol needs of consumers - there is a real synergy."

Analysts gave a lukewarm reception to news of the buy-back, which had been long expected. The most pleased shareholders would be non-tax paying institutions, which would get back about 80p of tax, giving them 540p a share. However, this could have a mildly depressing effect on the share price as those institutions would stay away from the market for several months in order not to compromise their tax position.

LVMH Moët Hennessy Louis Vuitton, which holds 21 per cent of Guinness, did not participate in the buy-back.

Investors facing the squeeze in Orange float

By Alan Cane

Institutional investors will have to be satisfied with significantly fewer shares in Orange Communications, the UK mobile phone operator, than they would have liked. With only one day before the offer closes, the sale has been subscribed almost eight times.

Goldman Sachs and Kleinwort Benson, sponsors of the float, said demand had exceeded their expectations.

It now seems the price will be set at the top end of the 175p to 205p range, with 205p the most likely choice, valuing the company at £2.45bn. The book building exercise through which the price will be set will be completed and the price announced next Wednesday.

The retail offer closed at 5pm last night, although institutions have until Monday evening to submit applications. The number of retail applications is not known, although about 130,000 prospectuses were sent to potential investors.

The Orange flotation has excited interest worldwide, as one of the few opportunities to invest in a mobile phone operator. The prospects for mobile telephony are generally regarded as good, although some consultants are arguing

that revenues and profits growth for mobile operators will decline as residential rather than business customers become the chief users of mobile phones.

Mr Rob Ollerenshaw, director of market analysis at CTT, a London-based consultancy, warned this week: "We estimate the average revenue across western Europe for a low-call or personal subscriber as £20.283 a year, compared with £20.006 for business customers. This will hit mobile operators hard. Although the number of mobile phone users is going to grow very fast, revenues will remain almost stagnant over the next decade."

Orange argues that low prices clearly explained will encourage customers, both business and residential, to use their phones more, so revenue growth would be maintained.

This week Vodafone, UK market leader in mobile phones, claimed to be the first UK operator to reach 60,000 digital subscribers. Orange and Mercury One-2-One offer only digital services and both have more than 400,000 subscribers. Vodafone and Cellnet offer both digital and the older analogue telephony and must move their customers to the more efficient digital service over the next decade.

Benicia to pay \$33m for ports company

By Geoff Dyer

Benicia Ports, the operator of the Californian port of Benicia, has agreed to pay up to \$33m (£21.5m) for Hobelmann Group, a ports company which specialises in car-handling.

The acquisition is to be financed by a \$20m placing and 1-for-2 open offer at 100p a share. This is a 26 per cent discount to yesterday's price of 136p, when the shares were suspended.

Benicia, which is to change its name to American Port Services, was floated in July at 79p a share.

Hobelmann owns freehold property at two ports - Baltimore, Maryland and Jacksonville, Florida. Its activities include processing and storing cars for several large car manufacturers.

Mr Tim Chadwick, chairman of Benicia, said that Hobelmann had two of the best locations in the US and "dominates the east coast in terms of car processing". In the year to July 31 Hobelmann made pre-tax profits of \$5.3m (£3.4m) on turnover of \$22.4m (£17.1m).

On those figures, the consideration represents a p/e of 5.6 times.

Mr Chadwick said that the deal was so cheap because there were no other private sector ports companies in the US looking to expand through acquisition.

He added that Hobelmann, a private company, had audited accounts for the last 25 years.

The group also announced that between July 5, when it acquired the port of Benicia, and December 31, it made pre-tax profits of \$1.48m on turnover of \$4.82m.

Earnings per share were 3.6p and a dividend of 0.6p is declared.

Mr Chadwick said that this represented a slight increase on the previous year and that exports of cars from the US were growing strongly.

Heath split gives birth to Rebus

By Christopher Price

CE Heath yesterday confirmed plans to split in two by demerging its insurance broking and computer services businesses.

Under the terms of the demerger, Heath shareholders will each receive one share in Rebus Group, the computer arm, for every ordinary share held. UBS, which is acting on behalf of the computer group, has suggested a valuation of between £50m and £55m.

The figure includes a £1.5m investment from Heath, representing approximately 9.5 per cent of Rebus share capital.

The Rebus board is forecasting that it will equal last year's profits - before tax and exceptional items - of £6.5m, for the year to March 31 1996. The figure will include a £4.5m provision for an incentive scheme and demerger costs.

Heath also announced it had accepted the offer for Trade Indemnity Group by Compagnie Financière SFAC, which would result in a £6.5m profit to the insurance group after the year end.

Continued margin pressure in the insurance business, however, would result in a reduced dividend. Heath will recommend a final dividend of 3p, making 6p (16p). The Rebus board also intends to pay a special dividend of 1.16p in July.

Rebus supplies human resources management software and computer-based systems to the international insurance industry. Its pro forma net assets will be £8.7m. An extraordinary meeting is to be held on April 15, and dealings are expected to commence in both groups the following day.

Wellcome payments to Glaxo directors

By Daniel Green

Sir Richard Sykes, chief executive of Glaxo Wellcome, the drugs group, earned £2.15m in the 18 months to December 1995, compared with £941,000 in the previous 12 months.

A further £403,000 was paid in pension contributions in the 18 months. The company did not disclose what the pension payments were in 1994.

Glaxo Wellcome has also paid almost £25m to seven former directors in sums negotiated when they left their jobs, figures in the company's annual report published yesterday show.

The company said that the increased payments were not related to the takeover of Wellcome by Glaxo a year ago. In September, the company announced that 7,500 jobs would be cut following the merger to save £700m a year.

That merger made Glaxo Wellcome the biggest pharmaceuticals company in the world by sales, and the biggest company quoted on the London Stock Exchange



Big earners: Sir Richard Sykes (left), Sir Paul Girolami and Ernest Mario

by market valuation. The amounts paid to directors last year were swollen by compensation for the ending of an executive incentive scheme.

Sir Richard's basic annual salary at January 1 was 14 per cent higher at £900,000 against a year earlier.

Glaxo Wellcome is replacing a scheme based on comparisons with other pharmaceuti-

cals companies with one that reflects share price performance.

Ending the old scheme meant compensation of more than £1m split three ways between Mr John Coombe, finance director, Mr Robert Ingram, head of operations in the Americas, and Mr Jeremy Strachan, legal and corporate affairs director.

Sir Colin Corness, chairman said that "the [new] scheme conforms with UK best practice as laid down by Cadbury and Greenbury". Sir Colin, who became chairman in November 1994, earned £297,000 over the 18 months.

Of the former directors, Mr Ernest Mario, who resigned as chief executive in March 1993, received £2.12m in the 18

months to the end of 1995. That will take his total earnings from Glaxo following his resignation to £3.7m.

Sir Paul Girolami, who retired in 1994, received £1.04m for the 18 month period. At the time of his retirement he was awarded a two-year package of salary, bonuses and pension contributions worth £9.37m.

Sir Richard Sykes' salary is still below the highest in the drugs industry. SmithKline Beecham, the UK's second biggest drugs company, paid £2.5m in 1994 to Mr Jan Leschly, chief executive.

In addition to his salary, bonuses and pension, Sir Richard was awarded almost 36,000 share options exercisable at 572p. Glaxo Wellcome shares closed 2p down at 817p.

At the end of 1995, Sir Richard had 435,264 share options exercisable at an average of 550p each, and 214,789 shares. The figures have been calculated over an 18 month period because the company changed its financial year-end from June 30 to December 31.

Tough year delays Anglo Pacific

Anglo Pacific Resources, the USM-quoted mineral exploration and coal group, has delayed the announcement of its 1995 results. They were expected yesterday.

It said the year proved much more difficult than anticipated and its financial position had deteriorated markedly.

An operating loss of \$400,000 was incurred, mainly as a result of the trading performance at Ledmore Marble. The board had, therefore, conducted a fundamental review.

In addition, last year's decision to revalue tangible and intangible assets is reversed, after consulting its new auditors, Price Waterhouse.

Tangible assets will now be included at the lower of cost to the group or directors' valuation, while the principal components of intangible assets, exploration and development expenditure are now expensed to the profit and loss account.

As a result, group net assets will be reduced by about \$70m to about \$3m.

Wilson (Connolly) drops by 41%

By Andrew Taylor, Construction Correspondent

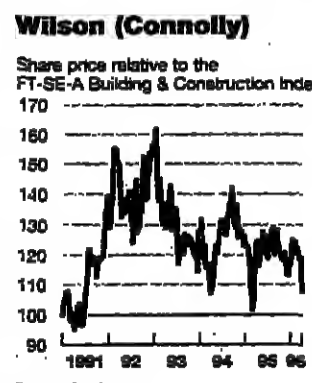
A lack of government support exacerbated the steep decline in the housing market last year according to Wilson (Connolly), the housebuilder which yesterday reported a 41 per cent fall in pre-tax profits to £22.5m in 1995.

Mr Ian Black, managing director said job insecurity, reduction in mortgage tax relief and cuts in mortgage interest support for the unemployed, together with a lack of general fiscal support, had reduced already fragile consumer confidence.

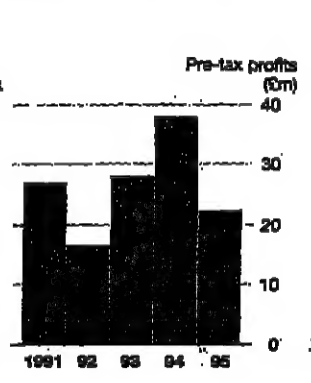
As a result, total house sales last year were some 30 per cent below the average for the previous 25 years.

The company's shares fell 12p to 182p yesterday following the lower than expected 1995 results and management warnings that it was far too early to suggest that recent revival in UK house sales would continue.

"At this stage it looks no more than the normal seasonal pick-up," said Mr Black. "The market has recovered at the



Wilson (Connolly) Share price relative to the FT-SE Building & Construction Index



Pre-tax profits (£m)

start of each of the last two years only to peter out after Easter."

Cuts in interest rates and income tax meant that the recovery was more likely to be sustained this time. However, margins were likely to remain under pressure with house prices expected to stay largely static while land prices remained high.

Net reservations - agreed sales on which a deposit has been paid - in the first three months of this year have been running 15 per cent above the

same stage a year ago, which Mr Black said had been a poor sales period. However, the group did not think this indicated any substantial change in sentiment by house buyers.

It sold 3,670 homes last year, some 8 per cent fewer than in 1994. Housing profits slumped 43 per cent to £18.6m (£34.4m) with pre-tax margins slipping by 5 percentage points to 8.4 per cent.

The commercial property division, which was recently floated off by the group, last year saw profits more than

halve to £3.38m (£5.21m) reflecting "lack of tenant demand on several pre-funded schemes".

The group is paying a maintained interim dividend of 3.18p making a same again total for the year of 4.54p. Earnings per share fell to 8.1p to 13.5p. Turnover fell to £245m (£318m).

COMMENT

Wilson Connolly in the 1980s was considered one Britain's most profitable housebuilders, but the gloss has disappeared from its rating more recently. It has not been helped by producing lower than expected results, which seems due to poor communication with the City as much as a disappointing performance. There is again a disparity in forecasts for this year's pre-tax profits. But the group will need to improve margins if it is to make a top of the range £2m. This would put it on a prospective p/e of 17 which looks expensive compared with some of its peers - particularly if the current revival in sales is stemmed by an early general election.

Factory problems hit McBride in 45% downturn

By David Blackwell

Factory production problems in last summer's heatwave helped to knock interim profits down by 45 per cent at McBride, the own-label household products group floated last July.

The group spent £2m buying in some products, including washing powders, as high humidity combined with high temperatures and new technology played havoc with its factory processes in Barrow.

Furthermore, high demand for a new washing-up liquid and for bleach disrupted the remodelling of the Middleton factory, costing £200,000 in the period.

Further costs are expected in the third quarter.

Total exceptional costs were £4.1m in the six months to the end of December. In addition, the group estimated rises in raw material prices - mainly polymers and board for packaging, and chemicals for detergents - to have cost £5m.

Pre-tax profits fell from £14.7m to £8m. However, sales grew strongly, increasing from £213.9m to £243.1m.

Mr Mike Handley, group managing director, described the period as "horrendous". But he insisted that "the overall dynamic that we said was there - if anything, it has developed".

The group had taken action to strengthen management and reduce the cost base further.

The completion of the Middleton factory remodelling would save £4m a year, and significant job cuts from the total workforce of 4,100 were planned.

An interim dividend of 2.25p will be paid, in line with the prospectus. Earnings were 6.7p.

COMMENT

McBride has had a run of bad luck. Earlier this year, the weather again hit the Barrow factory when snow prevented some product distribution. However, the market was warned in January of the problems, and the shares retreated well below the 168p issue price. Yesterday saw a recovery to 135p, partly reflecting the strong sales growth which underpins the management's belief in the potential for an own-label manufacturer. The group should soon start to reap the benefits of being Europe's largest producer of own-label detergent and personal care products. It has 13 plants across Europe and sales split equally between the UK and the Continent. But further costs in the second half - possibly about £2m - will keep profits this year down to £21m.

In 1997, however, profits could rebound strongly to at least £33m as margins recover, raw material prices rise, and sales continue to improve. That gives a 1997 multiple of just over 9 which, coupled with a yield of more than 6 per cent, is starting to look cheap.

Turn on, tune in and make money
Raymond Snoddy explains the strategy of Flextech, the cable and satellite programmer

Mr Roger Luard, chief executive of Flextech, the cable and satellite programming group, loves to tell the story about how his ultimate boss - John Malone of TeleCommunications Inc. - reacted to a shareholder who noted that TCI had moved into profit for the first time.

"Yes," said Mr Malone, "and as soon as I find the person responsible I will fire him." Even if the story is apocryphal, it stands as a metaphor for the strategy of Flextech, in which TCI of Denver, the largest cable company in the world, holds a 50.1 per cent stake.

On Thursday Flextech, which owns, has stakes in, or manages no less than 13 cable and satellite channels, announced a pre-tax profit of £16.4m for the year to 1995 compared with a loss of £18.5m in 1994. But the profit was almost incidental, the result of selling on at a profit a number of small, largely-unbuilt cable franchises.

Mr Luard, in an echo of the John Malone anecdote, almost wanted to issue formal guarantees that there would be no danger of profits next year.

Flextech, Mr Luard implied, could turn out some profits any time it wanted to - by halting development. Instead the priority is to push ahead with channel opportunities and build shareholder value, which needs investment in channels that would inevitably be loss-making in the short-term.

Mr Luard's case - and it is one that has taken the USM-quoted company from a valuation of £20m to nearly



Roger Luard: almost wanted to issue formal guarantees that there would be no danger of profits

£600m in less than four years - is that Flextech has been turned into one of the leading suppliers of basic, as opposed to premium, cable and satellite television channels in Europe.

Most of the Flextech channels are part of the Sky Multi-Channel package, which means the company gets a basic fee per subscriber. In a largely fixed-cost business Flextech's revenues will continue to rise as cable and satellite subscribers increase.

Flextech's interest in 13 channels in the relatively small UK market gives it a sizeable block of programming that cannot be ignored.

The channels range from TCC (The Children's Channel) and Bravo (old programmes) to

Playboy Television and the soon to be launched Sega games channel. This week the company announced it was turning its minority stake in The Family Channel into 100 per cent ownership in a deal worth £30.5m.

"Flextech is the only other part of call [for programmes] after Sky," Mr Neil Blackley, media analyst at stockbrokers Goldman Sachs, says.

By any standards the story of Flextech, and its transformation from an oil services operator to a media group is remarkable.

The metamorphosis began when Mr Luard was asked by his friend Peter Orton if he wanted to take a stake in a

new television rights company HIT.

Mr Luard's first reaction was that Flextech was not a venture capital company and, anyway, it didn't know anything about the media. Mr Luard, who has run Flextech since 1986, did some research and came up with a startlingly simple idea. "I couldn't see why the UK would not take to multi-channel television in the same way as the US, France or Germany," says the Flextech chief executive.

He took a 20 per cent stake in HIT and in May 1992 announced he was leaving oil services for children's television. EXPRO, its main oil services business was sold to

management, shareholders were given 120p a share and £14m was retained to pay off debt and provide a fund to invest in the media.

"We have a clear strategy. We are not in the oil business," says Mr Luard who believes technology is providing more ways of distributing programmes to the audience. In such a world, he believes, power flows to the programmers as long as they can operate a block of channels and get economies of scale.

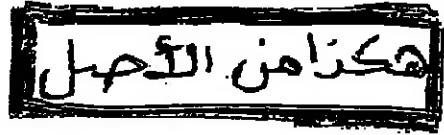
The strategy has been to buy minority stakes in channels and turn them, where possible, into majority control and then 100 per cent ownership. Flextech, whose backers include US West, the American regional telephone company, and Hallmark, the greeting cards and television group, always insists on pre-emption rights over further share sales when it buys a stake.

When the company was capitalised at less than £20m Mr Rupert Murdoch's News Corporation declined to buy it and now any purchase seems unlikely. The Office of Fair Trading would be guaranteed to take an immediate interest.

Flextech is now in the process of trying to take control of two more channels, UK Gold and UK Living and it is about to launch into digital satellite television in South America for the first time with a channel based on European sport, documentaries and entertainment.

Mr Blackley of Goldman Sachs believes that the future challenge facing Flextech is to go beyond just providing more channels - to "providing better channels".

COMMODITIES AND AGRICULTURE



WEEK IN THE MARKETS
LME move eases lead squeeze

The London Metal Exchange's action to ease the lead market squeeze appeared to be bearing fruit yesterday.

Following the exchange's decision to limit to 27 a tonne the cost of carrying forward a short position for one day, prices fell back and nearby premiums narrowed.

The three months lead price on the LME fell \$14.75 to \$798.75 a tonne, \$4.75 on the week, while the cash premium, or "backwardation", which earlier in the week had reached \$14 a tonne, shrank to \$1.75.

Announcing the LME move on Thursday Mr David King, the chief executive, said that the lead market remained orderly at present but, because of the genuine tightness in lead supplies, "some constraints were necessary to keep it orderly".

Some traders complained that the LME had once again thrown a life-line to operators who had deliberately sold short in the hope of being able to buy back more cheaply later.

Mr Robin Bhar, analyst at Barclays, the Fitch trading subsidiary, thought its action was justified.

"It acted at an early enough stage to prevent the situation getting more nasty," he said. "The lead market had got too hot to handle, but this should calm it down."

Mr Bhar suggested that fundamentals in the lead market were weakening. The time of peak demand was behind the battery industry and physical activity was beginning to ease.

"The squeeze is technically easing," he said.

BASE METALS
LONDON METAL EXCHANGE

Traders yesterday told the Reuters news agency that the easing in nearby spreads in the LME lead contract was in part attributable to the exchange's move, which had defused some of the volatility in the market. Another factor was the announcement in the morning of a small rise in LME warehouse stocks of lead, the first since early February, which reduced the fear of shortages attracted by the high cash premiums.

LME stocks of the metal have been falling for a long time. Having peaked at 372,650 tonnes in October 1984 they fell to 251,775 tonnes at the start of the year. But as the global stocks to an estimated 4.1 weeks of consumption, compared with the five weeks that market analysts consider to be the critical level.

While lead's supply tightness was a factor this week, copper's was continuing to ease as the recent stock-build

COMMENT & ANALYSIS

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Mr Clarke's credibility

People who do not learn from history are condemned to repeat it. Is this then the point in the economic cycle when the UK repeats the mistakes of its past? Most commentators believe there is little danger that excessive monetary stimulus will end in inflationary tears. Mr Kenneth Clarke agrees. But they would say that. Are they to be believed?

Precedents are disturbing. The green shoots of the present expansion began to appear between the first and second quarters of 1992. Between then and the last quarter of 1995, the economy expanded by 10 per cent - a compound annual rate of 2.6 per cent. At the exactly comparable point of the last expansion, in the first quarter of 1985, the economy had also, as it happened, expanded by just 10 per cent from its level in the second quarter of 1981. Ahead, however, lay the surging growth of 1986-88 and the return of high inflation.

The precedent is even more disturbing than this. The economy shrank by 0.7 per cent between the first and third quarters of 1984, partly because of the miners' strike, but it also stagnated between the second and third quarters of 1985. With unemployment reaching 3.1m in July 1986, and inflation reduced by falling oil prices to 2.4 per cent in the same month, did anyone fear the possibility of excessive growth and renewed inflation? Only one or two deranged monetarists.

The annual growth of broad money (M4) is running at 10 per cent today, giving a real rate of growth of 7 per cent. Much the same people as a decade ago are concerned about the dangers. But much the same energy is being devoted, once again, to explaining the monetary expansion away or to arguing that semi-miraculous supply-side improvements permit above trend growth.

Capacity for optimism

The capacity of policymakers and commentators to feel optimistic about the ability of the economy to absorb a demand stimulus knows little bounds, particularly when there has been a slowdown and an election is on the horizon. Even central bankers can lose their heads, not least perhaps when they are chastised by the loss of a public argument with the chancellor of the exchequer.

Investors are less gullible. They are already making clear their fear that past mistakes will be repeated. The spread between the yield on index-linked and conventional gilts has risen from 3.8 percentage points in January to 4.1 percentage points. This does not only demonstrate the limited cred-

ibility of the official target for inflation of less than 2½ per cent. It also suggests that confidence has been weakening as the chancellor has cut the base rate of interest, from 6.75 per cent in December to 6 per cent this month. The yield gap between British and German 10-year bonds is now 1.8 percentage points. Even the euro-blighted D-Mark retains far more credibility than raddled sterling.

Are the pessimists right? Apart from the monetary data, the facts suggest not. Retail price inflation, excluding mortgage interest payments, seems to be running at a little below 2 per cent. While above the official target, it seems quite likely to fall during the course of the year. There are no evident cost pressures - sterling is stable, average earnings are rising at an underlying annual rate of only 3½ per cent and the year-on-year rise in the prices of inputs into manufacturing fell to only 3 per cent in February.

Stagnant output

On the output side, manufacturing is noticeably stagnant - output was up only 0.5 per cent over the year to the quarter ending in January 1996. But this largely reflects an inventory adjustment, which should be completed by the middle of this year, since retail spending, albeit volatile, seems to be growing at around 2 per cent a year.

Also important has been the stagnation of continental European markets, shown in a steep decline in the rate of growth of manufactured exports, down to only 3.25 per cent in the year to last December. But this slowdown should also end in the course of 1996. The latest survey of expectations from the Confederation of British Industry is consistent with the view that strong growth is on the way: expectations for output growth over the next four months are at their highest since last May.

Set against the current performance of the economy, there is little reason to criticise the decisions to cut interest rates. But there is every reason to fear that the right response will not be shown to sustaining monetary growth, to any strong rise in house prices or to rapid growth in domestic demand. Given the rate at which broad money is growing, such a recovery is far from inconceivable.

The chancellor has not yet messed things up. Nor is he bound to do so. But investors fear he will. Unfortunately, nothing in the record of this country or even in today's improved policy framework shows they are wrong.

Britain stands on the brink of the greatest public health calamity since the Black Death, with hundreds of thousands of people dying young from a horrific brain disease. Or, alternatively, the great British beef industry is being destroyed because of what will turn out to be a scientific scare story linking mad cows with human Creutzfeldt-Jakob disease.

Those two utterly different scenarios represent the two extremes of what may happen next, following Wednesday's government announcement that 10 unusual cases of CJD in young people probably resulted from eating beef infected with BSE in the 1980s. No scientist, politician or consumer has enough evidence today to discount either possibility; the truth probably lies somewhere in between, with a few hundreds or perhaps thousands of additional CJD cases over the next two decades.

If the level of scientific uncertainty is high in 1996, it was far higher 10 years ago when cows with early symptoms of BSE started staggering around British farms - and the Ministry of Agriculture Fisheries and Food made the first of what seem in retrospect to have been seriously complacent decisions about how to contain the disease.

But the most disastrous decisions were made before anyone knew about BSE's existence. In the 1970s and early 1980s, when the UK animal feed and rendering industries changed the procedures for manufacturing cattle feed from carcasses of sheep and cattle.

Rendering companies take offal, bones, fat and blood from abattoirs, sterilise it and incorporate it into protein-rich animal feed. They lowered the temperature at which the carcasses were treated and stopped using solvents to extract fats from the carcasses.

The new process was cheaper, environmentally more acceptable and, companies believed, just as safe. They confirmed that treating the carcasses at a lower temperature, but for a longer period of time, would kill off known germs - viruses and bacteria. No one knew then of the existence of "prions", the rogue particles of protein that are believed by most scientists today to cause the small group of diseases known as spongiform encephalopathies, including BSE, CJD and scrapie in sheep.

Exceptionally robust particles, prions were not eliminated by the new treatment process. In retrospect, the most likely theory is that an exceptionally virulent strain of scrapie prions "crossed the species barrier" through the feed from sheep into cattle. Alternatively a rare form of cattle prion was amplified and spread through the national herd.

The world's first recorded mad cow was on a Kent farm in April 1965. The early explanation - a mineral deficiency - was quickly rejected as the number of cases rose. Scientists at MAF's central veterinary laboratory in Weybridge, who examined the animals' brains, found the holes characteristic of a spongiform encephalopathy. They officially identified BSE in November 1968.

By studying the pattern of the epidemic, MAF scientists traced the source of infection to cattle feed. In July 1968 the government acted on the recommendations of its science advisers and banned the use of animal wastes in feed for cattle and sheep. Their use in pig and



The agony of hindsight

Clive Cookson and George Parker examine the origins of mad cow disease and assess the danger for humans

poultry feed was not banned until last Wednesday.

The air at Westminster was thick with accusations this week that the government has consistently reacted too slowly to the stream of scientific revelations since the original discovery of BSE.

Labour claims that too often ministers put farming interests - and cost considerations - before public safety. The questions asked by opposition politicians, consumer groups - and the few scientists who have consistently criticised the official line - include:

● Why did it take the government 18 months to make BSE a notifiable disease after its discovery and 20 months to introduce a compulsory slaughter and compensation scheme?

● Why were farmers not compensated in full for the slaughter of infected cows at a crucial period at the start of the epidemic? Until February 1990 the government only paid farmers for half the value of infected cows. Some farmers are believed to have taken their cows to market at the first sign of possible BSE symptoms, increasing the risk of contaminated meat entering the food chain. The error was candidly admitted this week by Lord Lindsay, the junior Scottish Office minister, who said the government may have "unwittingly" tempted farmers not to destroy infected animals.

● Why did the government never implement the proposal by its BSE scientific committee in June 1989 that brains of cattle sent for slaughter should be routinely monitored to check the extent of unrecognised infection?

● Why was the ban on "specified cattle offal" such as brains and spinal columns for human consumption not introduced until 1989, three years after BSE was discovered?

The enduring image of what now seems like government complacency is that of Mr John Gummer, then agriculture minister, feeding a burger to his four-year-old daughter Cordelia in May 1990 and proclaiming the safety of beef. In the same month, Mr Kenneth Clarke, then health secretary, insisted there was nothing wrong with beef and claimed that concern about BSE was just a "crazy public scare".

Both ministers based their words and actions on the advice of the scientific committee chaired by Sir Richard Southwood of Oxford University, which reported in February 1989 that it was "most unlikely that BSE will have any implications on human health".

Even after the ban on specified offal was introduced, some potentially dangerous pieces of spinal cord were still finding their way on

to the market. Mr Strang believes cuts in the state veterinary services allowed some abattoirs to adopt a less-than-rigorous approach to implementing the new guidelines.

Only last November, Mr Douglas Hogg, agriculture minister, found it necessary to give representatives of the abattoir industry a dressing down about standards. Parliamentary answers in January revealed more than 20 instances in which spinal cord had been left attached to carcasses over a three-month period. Mr John Major told the Commons on Thursday the government had "accepted totally and immediately" all the advice given by scientists on BSE. But Labour was quick to point out the prime minister was not entirely correct.

Consumer groups have long argued that MAFF is too much under the influence of the farming lobby. In addition, many Tory MPs also have direct farming interests. Mr William Waldegrave, agriculture minister from 1994 to 1995, owns a dairy farm, and the register of members' interests reveals that 28 Conservative MPs are also farmers.

Mr Paddy Ashdown, the Liberal Democrat leader, argues that MAFF cannot balance the vested interests of farmers with those of the consumer. He believes responsibility for food safety should be transferred to a new Food Commission, modelled on the US

Food and Drug Administration.

Only a tiny handful of scientists have campaigned actively since the late 1980s for more stringent action to prevent BSE infecting people. One is Dr Stephen Dealler, a microbiologist now at Burnley General Hospital, who became so horrified after reading the first medical paper on BSE in 1987 that he immediately started trying to alert colleagues. But the majority of UK microbiologists have agreed with their colleagues on the official advisory committees that the risk was very small - reassurance based above all on the fact that people have been eating meat and brains from sheep for centuries without apparently being infected with scrapie. Unfortunately it now seems likely that BSE is a far more dangerous prion than scrapie ever was.

The most vociferous dissident, Professor Richard Lacey of Leeds University, was generally regarded by colleagues "as rather an extremist and a scaremonger", a leading British scientist said. "He is quite entitled now to say 'I told you so'".

Prof Lacey's latest prediction is that deaths from CJD will be running at 5,000 to 600,000 a year in the next century. We pray that he will not be saying "I told you so" in 20 years' time.

Additional reporting by Deborah Haygreen.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5896 (please set fax to 'fmc'), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Grave health risk from diseases not kept in check

From Mr Gerd Rayner.

Sir, In a small conference called by the Ministry of Agriculture Fisheries and Food in December to seek out the support and advice of the consumer and public health movement in dealing with BSE, I found out that some £750m of government money had so far been spent.

In the light of recent news that the entire British beef herd might have to be destroyed, we now learn that the true figures could reach £1bn, without taking account of the damage done to other parts of British farming. As yet we don't know whether the health effects of BSE are as serious as some people say. What we do know is that BSE is a totally manufactured problem which results as a direct consequence from the application of market freedom and self regulation to the animal feed industry which

has allowed one ruminant species (sheep) to be fed to another (cows).

What the government seems to have forgotten is that the state needs to be actively vigilant to ensure that public health must come first. What is now also clear is that bad public health policy is also bad for farmers, but for the economic interests of Britain and, as the government is no doubt pondering, bad too for its finances and electoral popularity.

Geoff Rayner,
The Public Health Alliance,
138 Digbeth,
Birmingham B5 6DR, UK

From Mr Angus Phauze.

Sir, Surely the correct course of action for the government now is to ban the practice of feeding the ground-up parts of any animals to

animals which would not normally eat them. Animals such as cattle, chickens and pigs which are themselves eaten by human beings should not be fed any "remains" of other animals.

BSE has caught the attention of the public, but the greatest danger to our health could be with something which is fairly well known, but the gravity of which has, as yet, not fully impacted on the public.

We rear most of the animals which we eat in incredibly "intensive" conditions and we then prevent the inevitable sickness among such animals by the indiscriminate use of antibiotics. This has led to the emergence of some strains of bacteria which are resistant to even the most powerful antibiotics known, and there is now a grave danger that such resistance could become widespread.

It could soon be the case that not merely will the cattle producers be in serious financial trouble, but the whole nation could suffer a grave health risk because diseases which have been kept in easy check until now (such as smallpox and tuberculosis) will resume their previous prominence and there will be nothing to cure some of the really serious illnesses.

The government was slow to counter the threat of BSE and it would be tragic if to keep down food costs it were slow in preserving the efficacy of antibiotics, because that would result not in a financial loss but in a loss of hundreds of thousands of lives.

Angus Phauze,
Mount Mera,
Marshall Lane,
Gerrards Cross,
Buckinghamshire SL9 8HD

Translation quality critical to doing international business

From Ms Christine Durban.

Sir, Without doubting for a minute the ability of British and American companies to produce cliché-ridden statements in their native English, I suspect inept translation may be responsible for some of the defects noted by Mr Clifton in his European annual reports review ("What the chairman should have said", March 18).

This would certainly appear to be the case for Generali's obscure dividend "upped by 10 per cent considering the bonus increase of capital put through".

Neither the survey editor nor your journalist bothers to note that

a large proportion of reports cited were originally written in a language other than English. This makes it likely that the ratings were based on translations - which might explain the poor scores of the foreign chief executives. Accurate, stylish translation is, of course, available. And it can make or break a document's impact with readers in other countries. But businesses must realise how critical it is to getting their message across.

Christine Durban,
70 rue de Rome,
75008 Paris,
France

Misguided transport policy with no-public-funds mania

From Dr Jörg Schimmelpfennig.

Sir, In view of the chronic state of underinvestment in Britain's rail infrastructure, it is pleasant to learn of a significant policy change on the other side of the Atlantic indicated by President Clinton's preferential loan offer towards the planned Los Angeles rail link ("Federal loan offered for Los Angeles rail link", March 20).

The sorry state of the British rail network - exemplified by the ongoing saga of the Channel tunnel rail link - has been caused by a misguided transport policy in conjunction with a no-public-funds mania. Yet ironically the very same

politicians responsible for this state cite it as a main argument in favour of rail privatisation.

For distributional and allocative reasons, there is nothing wrong with using public sector borrowing to finance projects mainly benefiting future generations. The government's much hyped private finance initiative will in the long run turn out to be nothing but damaging to economic prospects.

Jörg Schimmelpfennig,
Department of Economics,
Universität Osnabrück,
D 49069 Osnabrück,
Germany

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Man in the News • Michael Dobson

Blender of banking cultures

Nicholas Denton on Europe's pre-eminent investment banker

Michael Dobson's elevation to the Vorstand of Deutsche Bank, the board of managing directors of Germany's largest bank, appears to mark the latest promotion in a career so flawless that - as one former colleague puts it - it comes close to parody.

Eighteen months ago, he was made the first chief executive of Deutsche Morgan Grenfell, the merged investment banking businesses of the parent bank and the UK merchant bank it acquired in 1989 for \$500m. But membership of the 12-person Vorstand at the age of 43 is an altogether more prestigious position.

At its regular Tuesday morning meetings in Frankfurt, the Vorstand arguably exerts more power over European business decisions than any other board. Dobson's appointment - which Deutsche Bank's supervisory board is expected to ratify on Wednesday - makes him the pre-eminent investment banker in Europe.

And, as if that were not enough good fortune, Dobson is blessed in other ways. Tall, good-looking, immaculately turned out, the old Etonian is a keen sportsman and a party-going bachelor about town. Dobson has worked for Morgan Grenfell since graduating

with a modern languages degree from Trinity College, Cambridge, his father's college. When he joined the merchant bank, it was an independent house specialising in corporate finance. He joined the asset management arm, and spent five years in New York in his late 20s. He came back to London in the early 1980s, becoming head of asset management in 1987.

Morgan Grenfell was tarnished by the Guinness scandal, having been an adviser to the brewing group in its 1986 takeover of Diageo. John Caven, brought in to rescue the bank's reputation, made Dobson group chief executive in October 1989 at the age of 37.

Soon after, Deutsche Bank took over Morgan Grenfell, leaving the UK merchant bank with a large degree of autonomy. But this was swept away in 1994 when Deutsche Bank, disturbed at the inroads US investment banks were making in Germany, decided to build a global investment bank

of its own. This involved merging the investment banking operations of the two banks in London as Deutsche Morgan Grenfell.

Dobson's appointment as overall chief executive of the merged group was seen by some Deutsche Bank executives as another sign of Morgan Grenfell's carefully planned "reverse takeover" of the parent group's securities business. Yet Dobson was at first seen as a reluctant convert to the cause of integrating the two securities businesses.

In the early days, Morgan Grenfell did not try hard to build bridges with Deutsche Bank in preparation for the closer integration that was bound to come. Morgan Grenfell executives were more concerned to generate profits which would stave off interference from Frankfurt.

"We had certain reservations to start with," he said recently. "We were our own masters in London. It was a quite attractive job specification." But after his initial hesi-

tation, he has thrown Morgan Grenfell into the liquidiser as vigorously as he has Deutsche Bank's investment banking operations. He has never been a little Englander - although he sometimes pretends to understand less than he does, his German is close to fluent.

His time in the US had given him a liking for the US model of the global investment bank - a model he has sought to follow in merging the UK merchant bank with the German commercial bank.

This has involved some high-profile personnel changes. Dobson has brought in Americans such as Edson Mitchell from Merrill Lynch as head of global markets, and Michael Cohrs from S.G. Warburg to head equity capital markets.

Colleagues say he was particularly - and admirably - tough in insisting that the merged investment bank should have a coherent structure reporting into London even at the expense of the sensibilities of Frankfurt bankers.

He has also been prepared to see the departure of long-standing colleagues, such as Guy Dawson, head of corporate finance at Morgan Grenfell.

"We are asking people at Deutsche Bank to change. We have to change too," Dobson said. "We will be successful if we build on a range of different backgrounds."

Despite his conversion, it was not inevitable that Dobson would last as chief executive of Deutsche Morgan Grenfell. At other UK merchant banks taken over by continental European banks, such as Warburg or Barings, senior management has given up control.

For one thing, he had made some enemies on the parent group's Vorstand by sidelining Alex von Unger-Sternberg, the Deutsche Bank executive who was briefly head of global markets at the merged group. Although the decision was made with the support of Ronald Schmitz, the Vorstand member responsible for investment banking, von Unger-Sternberg's allies on the board

were briefly resentful. And Dobson has been under pressure to generate revenues to finance the investment bank's expansion without draining a drain on the parent group. The new equity capital markets division, for instance, has yet to win a lead role on a major international equity offering. The merged group has guaranteed bonuses to hire around 185 additional professionals in its debt and equities businesses.

Dobson's enemies predicted he would be sacrificed if Deutsche Bank's investment in DMG took too long to pay off. "The cynics said that the Germans would put an Englishman in to head the merged investment bank down. And then the first time he put a foot wrong they would send someone over from Frankfurt," says a colleague.

However, he has been lucky in the recovery in world bond markets in the second half of last year. This is expected to have substantially boosted income from investment banking at Deutsche Bank when it reports on Thursday. In any case, Dobson has already survived the most personally dangerous period of the merger by winning his place on the Vorstand. "This is a major commitment to him," says an executive at Deutsche Morgan Grenfell. "Vorstand members do not get fired."



Hong Kong Notebook • Richard Lambert

A much longer wait for the real picture

The Hong Kong tycoon reacted dismissively. "1997 1997 is irrelevant." It is a commonly held view among a business elite that has had years to plan for the transition of Hong Kong from British to Chinese sovereignty, and which is contemplating the change in mood of extraordinary optimism.

Hong Kong companies are investing enormous sums in infrastructure projects such as toll roads, power stations and urban development on the mainland - ventures which will not begin to pay off until the next century. At home, property prices, the quintessential measure of Hong Kong's confidence, are rallying, and so is the economy.

The one shadow comes from the straits of Taiwan, and even this seems distant. The concern is not so much about China's aggression as about America's possible reaction. Withdrawal of Most Favoured Nation status from China would, business leaders say, have a devastating effect on the local economy - though still leaving Hong Kong with a growth rate that would look respectable by western standards.

Besides, no one quite thinks it is going to happen. "American business just will not let the politicians get away with it."

Outside the passport office, the queues start early in the morning and stretch back hundreds of metres. The end of this month is the deadline for holders of the expiring British Dependent Territories Citizen passports to apply for the new British National Overseas passports which give visa-free access to about 80 countries.

The benefits are likely to be all too modest in practice, but hundreds of people are prepared to spend the day standing along the pavement for that little bit of extra comfort.

The coming months will provide several litmus tests for China's approach to its new responsibilities. Will it allow a liberal immigration regime - so much a part of Hong Kong's dynamic history? Or will it insist that only those from countries which allow visa-free travel for Hong Kong people will be let in freely? How will it deal with the right-of-abode question? One

fear is that Hong Kong people now resident in other countries will lose their right of abode unless they return before the summer of next year.

Above all, how will it handle two vital appointments to be made over the next year - the chief justice and the chief executive, who will replace the governor after the handover, and who will probably be nominated in the autumn?

The chief executive will have to enjoy the complete confidence of Beijing. But he (the assumption is it will be a he) will also have to convince Hong Kong citizens, and the world at large, that he is tough enough to stand out for the autonomy promised under the handover treaties.

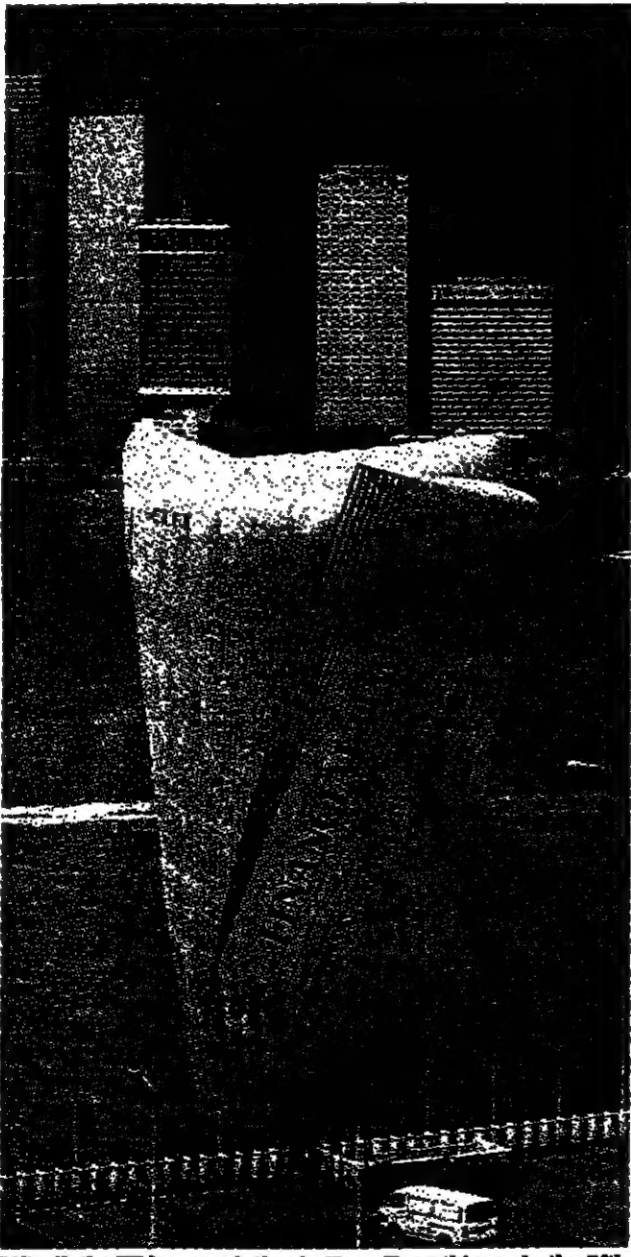
The subject is sensitive, not least because it is taken for granted that anyone who is seen to be running for the job will automatically be ruled out by Beijing. For this reason, one possible contender takes the unusual step of following an interview by telephoning to clarify a (wholly innocuous) remark in what had been an off the record discussion.

On one point, though, there is widespread agreement. The integrity of the civil service will be vital to the future of the new Hong Kong, and that is seen to rest in large measure on the shoulders of the formidable Anson Chan, chief secretary of the Hong Kong government. The new chief executive will have to gain her support if he is to win the confidence he will need to do the job.

One way of pigeon-holing Hong Kong people is by the way they refer to the killings in Tiananmen Square.

At one end of the spectrum comes the Tiananmen massacre. But the description can be modified, sometimes not so subtly. There are the shootings, the affair, the episode, the Tiananmen thing. Some people just refer to the date, June 1989.

One very pro-China businessman, an outside candidate for the chief executive's position,



Lift off: the FT began printing in Hong Kong this week, the fifth new worldwide site in the past 15 months

reportedly refers to the "Tiananmen kerfuffle".

If he gets the job, sell the shares.

Is this how things will be in Hong Kong after 1997? "I hope not. It's up to us to make sure this does not happen: that we

maintain a level playing field for all."

The omens are not encouraging. There is more than a suspicion that delays in granting a number of mobile phone licences are the result of lobbying by the bidders in Beijing.

And although it is generally reckoned that the political supremos in Beijing are committed to the "one country, two systems" doctrine, there is real concern that officials lower down the line will see things differently. Will they come looking for a slice of the economic action?

After all, they may argue, the British have been influencing business decisions in Hong Kong for 150 years: now it is our turn.

In the wider war raging over the future for secure, well-paid jobs in the US, this is a battle neither side can chalk up as a victory.

General Motors and the United Auto Workers union have just hammered out a deal that ends the worst stoppage to beset the US's motor industry since a national strike in 1970.

A quarter of a century ago, at the high-water mark of its power, the union succeeded in adding to what was already one of the best wages and benefits packages enjoyed by blue-collar workers anywhere. But now, like other unions in the US, it is in the midst of a rearguard action.

The Dayton dispute "shows that organised labour is not dead - they can still bring GM to a standstill," says Mr William Kilberg, a former senior Labor Department lawyer, now with Gibson, Dunn & Crutcher, a US law firm.

The 17-day strike that brought North American production to a halt at the world's biggest manufacturing companies erupted over plans to buy anti-lock braking systems from Bosch, the German industrial group. Some 100 jobs that otherwise would have been awarded to GM parts plants in Dayton, Ohio, were earmarked for a non-unionised Bosch plant in North Carolina.

Although it began as a small local dispute the Dayton stoppage quickly assumed national significance.

For a start, a lack of the brake parts made in the Ohio factories quickly brought the rest of GM's production machine to a standstill. Moreover, the plan to use an outside supplier touched a raw nerve: wages and benefits for the union's jobs at GM, as at the other big US carmakers, add up to about \$44 (\$22.75 an hour). At a non-unionised plant like that run by Bosch, they are only about half that level.

In the rhetoric of Big Business in the mid-1990s, such differences are no longer tenable in a global economy swept by the cold winds of international competition. On the shopfloors in Ohio, however, it has not passed unnoticed that GM made \$6.9bn in after-tax profits last year - more than any other US company.

In the event, both GM and the union seem to have backed off from a prolonged confrontation over the issue. GM has won the right to buy the parts from Bosch - though, the

favour granted or an innovation curbed there - a general sapping of the full-blooded capitalist vim that has made this place unique.

1997 may indeed turn out to be irrelevant. It will take another 10 years before the picture starts to become clear.

No score draw

Richard Waters on the wider effect of the General Motors strike

union insists, this is a local agreement that does not set any national precedent. The union, for its part, has won promises of more jobs for the Dayton plants. With demand for new cars in the US continuing at solid levels, it seems there are enough jobs to go around to keep everyone happy - at least for now.

"The wider issue of outsourcing still needs to be looked at," according to Mr Kilberg. That makes the stoppage an ominous warning ahead of talks over a new three-year labour contract for the US motor industry this summer.

GM's dispute over outsourcing is hardly an isolated incident. In a country where job security - both blue-collar and white-collar - has risen to the top of the political agenda, a company's right to use outside suppliers has become a central issue in a number of celebrated industrial disputes. So far, those battles have yielded decidedly mixed results.

Three months ago, Boeing, the Seattle-based aircraft maker, ended a two-month strike by members of the machinists union, in part by agreeing not to cut jobs as a result of decisions to outsource. The deal, which included wage and other concessions, was heralded as a victory for organised labour. Coming weeks after the AFL-CIO, the union umbrella body, had elected an avowedly militant new leader in the person of Mr John Sweeney, this seemed to mark a new burst of confidence in the US labour movement.

Like GM, though, Boeing remains committed to buying more parts from suppliers, rather than making them itself. It now buys half its parts either from Bosch - though, the

unionised suppliers in the US or from abroad (compared with about a quarter at GM).

Almost at the very moment that workers at Boeing were celebrating victory, other members of the UAW were accepting defeat after a disastrous 18-month strike at Caterpillar. The maker of earth-moving and construction equipment has refused to renew a union contract since 1991, arguing that it cannot afford the health insurance benefits or the promises of job security the union has demanded.

For workers, the cost of defeat can be harsh. In what seemed a carefully timed kick in the union's groin, Caterpillar said this week it would close a parts plant in Pennsylvania which had been affected by the strike. The factory simply could not make parts cheaply enough, the company said. The cost in jobs: 1,100.

This growing warfare over job security comes at an ironic moment, since the era of big redundancies in the US's metal-binding industries is over - at least for now.

Productivity gains and a rebound in demand in cyclical industries such as motors and steel has revived some big industrial groups that until recently were staggering.

Boeing, for example, shed 30,000 aircraft jobs in the first half of the 1990s. Now, riding a wave of orders for new aircraft, it is preparing to hire thousands of new workers.

The motor industry is also on the brink of a hiring binge. With the armies of car workers recruited in the 1980s reaching retirement age, Detroit will have to find more than 300,000 new workers in the next seven years, according to a study by the University of Michigan.

That hardly sounds like a recipe for job insecurity. Yet the constant pressure on the big companies to improve competitiveness means many of the wage and other benefits won by an earlier generation of American workers may, nevertheless, not survive.

"GM is still going to keep pushing on outsourcing," says Mr Dale Brickner, assistant director of labour and industrial relations at Michigan State University. With a profit margin in North America that is well below that of Chrysler, a company that buys three-quarters of its parts from lower-cost suppliers - it seems to have little choice.

Some people will do almost anything to get an Oscar. John Wayne took Hollywood hype to a new level in 1960 by issuing a 183-page press release and spending \$1m of his own money on advertising to clinch nominations for *The Alamo*, which he directed and starred in as Davy Crockett.

John Wayne's efforts for *The Alamo* were considered extravagant even by Tinseltown standards. But for the past month the marketing departments of the Hollywood film studios have been working overtime to try to ensure that their nominees leave the Dorothy Chandler Pavilion on Monday night with at least one Academy Award.

The spin-offs for Oscar-winners range from prestige to the pleasure of seeing the puffed-up expressions on their rivals' faces as they swank into the post-award parties. But the real reward is money.

"Do Oscars help a picture to make more money? Absolutely!" says Mr Mark Gill, president of marketing for Miramax, the Walt Disney subsidiary which has garnered 11 nominations, including *Forrest Gump*, the Italian film *The Postman*. "Winning Best Picture adds anything up to 100 per cent to the box office take. And Best Actor or Best Actress can put an artist on

When an award leads to a happy ending

Alice Rawsthorn on how winning an Oscar means more than just prestige for a film

the elevator - the express elevator - to stardom."

The precise financial impact of a nomination, or award, varies tremendously. However, the category with the greatest commercial potential is Best Picture. And the films that gain most of all tend to be those launched late in the year which are still being screened when the nominations are announced.

Other beneficiaries are cult pictures, or those dealing with difficult subjects, which benefit from being introduced to a wider audience.

One of the biggest recent beneficiaries of a Best Picture award was *Schindler's List*, Steven Spielberg's three hour-long monochrome epic on the plight of the Jews in Nazi Germany. Released in December 1993, it took \$51m in North America before the nominations, \$28m afterwards and another \$36m after winning.

By contrast the award made little difference to last year's winner, *Forrest Gump*, which came out in July, and had already made \$300m

by the time the nominations were announced. It took only another \$30m afterwards.

"Timing is crucial," says Mr Oscar Moore, editor-in-chief of Screen International, the industry magazine. "If a film has played out, as *Gump* had in the States, an Oscar won't make much difference, although it might help in other countries."

This year there is no clear favourite for Best Picture. Of the five nominees, *Apollo 13*, has least to gain financially as it has finished its cinematic release and is already out on video in the US. *Babe* and *Braveheart* may make modest gains, but *Sense and Sensibility*, released in December, has already taken \$13m (\$5.5m) at the box office since the nominations and could gain up to \$18m more by winning.

This year's chief beneficiary, however, is *The Postman*, which, as a foreign-language film, seemed doomed to art-house obscurity. It has already increased its North American takings by nearly 50 per



Nominations for 1995 'Best Picture' Oscar

| US box office (\$m) | At nomination | Post-nomination | Increased if it wins |
|--|---------------|-----------------|----------------------|
| <i>Apollo 13</i> | 172 | — | +10% |
| <i>Babe</i> | 58 | 4 | +35% |
| <i>Braveheart</i> | 87 | 6 | +15% |
| <i>The Postman</i> | 11 | 4 | +100% |
| <i>Sense and Sensibility</i> | 24 | 13 | +45% |
| *Best Picture nominees, 1994 to 1994 (\$m) | | | |
| <i>Driving Miss Daisy</i> | 34 | 41 | 32 |
| <i>Dances with Wolves</i> | 105 | 32 | 47 |
| <i>Silence of the Lambs</i> | 131 | — | — |
| <i>Unforgiven</i> | 75 | 7 | 19 |
| <i>Schindler's List</i> | 31 | 29 | 38 |
| <i>Forrest Gump</i> | 300 | 16 | 12 |

Source: Entertainment Data International

cent (albeit from a low base of \$11m) since the nominations, and Miramax expects it to double its present tally if it wins.

Miramax sees *The Last Emperor*, an English-language film by the Italian director, Bernardo Bertolucci, as an encouraging precedent for *The Postman*. It took \$14m in North America before the 1987 nominations, \$11m afterwards and

\$19m after winning Best Picture. Two other heavily nominated pictures in the "difficult subject" category have benefited commercially from the 1995 awards. *Leaving Las Vegas*, starring Nicolas Cage as an alcoholic scriptwriter, has raised its revenue from \$12m to \$27m.

Dead Man Walking, with Susan Sarandon as a nun who befriends a prisoner on death row played by

Sean Penn, has gone from \$11m to \$27m.

Among this year's Best Actress nominees, Meryl Streep (*Bridges of Madison County*) and Emma Thompson (*Sense and Sensibility*), have little to gain, as both have won the award before; nor does Susan Sarandon, who has already achieved critical and commercial acclaim.

However Sharon Stone has raised her asking price from \$12m to \$15m a picture after gaining the critical kudos of an Oscar nomination and Golden Globe award for her part in *Casino*. And Elisabeth Shue, who was so frustrated at being cast as a brainless blonde that she was considering giving up acting before *Leaving Las Vegas*, is now sought after at \$2m a film.

Among the Best Actor contenders, John Travolta's decision to appear in Quentin Tarantino's *Pulp Fiction* for a pittance not only won him a Best Actor nomination last year but resurrected his career. He has since starred in a string of hits, including *Get Shorty*, for which he

is nominated this year, and has raised his fee to \$20m.

Sylvester Stallone, one of the few other stars in the \$20m league, is making a similar play for critical credibility by accepting a part in *Copland*, a low-budget thriller, for \$1.50m a week.

Oscars also have hidden benefits for the studios. Awards can, for example, help new film companies to persuade talented actors and directors to work with them. "It definitely helps," says Mr Gill of Miramax. "We might think our films are great, but third-party validation makes it much easier to convince other people."

The nominations for *Leaving Las Vegas* and *Get Shorty* even influenced the French government's decision to put MGM/UA, the studio that made them, up for sale earlier this month, according to advisers working on the deal. The once-ailing MGM has benefited financially from the \$340m that *GoldenEye*, the James Bond blockbuster, has taken at the global box office, but the nominations have enhanced its image.

This year's Oscar nominees can only hope that they fare better than John Wayne and *The Alamo*. His publicity campaign helped the film secure six nominations. But it only won one award - for Best Sound.

CURRENCIES AND MONEY

MARKETS REPORT

Markets snooze

By Philip Gawth

Foreign exchanges yesterday experienced a quiet end to a quiet week, with traders content to stand on the sidelines ahead of the weekend election in Taiwan and Germany, both of which have the potential to move markets.

In crickets parlance, it was a day when the markets "did not trouble the score". One analyst said it had been one of the quietest trading days of the year.

Overnight in Tokyo, the dollar broke above ¥107 to reach its highest level in more than a month against the yen. It later gave up these gains, finishing at ¥106.745, from ¥106.535. Against the D-Mark it finished at DM1.4733, from DM1.4768.

After reaching a five month high of DM2.3749 against the D-Mark, sterling slid back to close at DM2.2643. Against the dollar it finished at \$1.5348, from \$1.5373. There was some

evidence that concern about the economic fall-out from the "mad cow" disease scare was spilling over into the currency.

The D-Mark was stronger against the Italian lira, closing at L1.060, from L1.055. Against the Swedish krona it finished at SKr4.488, from SKr4.513.

The relatively good performance of sterling recently has had some analysts scratching their heads. The easy explanation

is that the dollar is solid, and the D-Mark is showing signs of weakness. Looking a bit further, Mr Carl Weinberg, chief economist at High Frequency Economics in New York, says the answer comes in two parts.

First, the appeal of the gilts

Dollar

DM per \$

Yen per \$

\$ per £

DM per £

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29th March.

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SEE THE LONDON SHARE
SERVICE PAGES
FOR FURTHER DETAILS**

MANAGEMENT SERVICES

| Services | | | | Date | | Yield | Div | Vol | High | Low | Open | Close | Change | Volume | |
|----------|--|--|--|------|--|-------|-----|-----|------|-------------------------|------|-------|--------|--------|------|
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BERMUDA (SIB RECOGNISED)

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BERMUDA (REGULATED)^(*)

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GUERNSEY (SIB RECOGNISED)

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Kleinwortz Benson Int'l Fed Miners Ltd

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GUERNSEY (REGULATED)(***)

[illegible]**IRELAND (SIB RECOGNISED)**[illegible]

Guinness Flight Select Funds Plc
Europa Hse, Harcourt St, Dublin 2 00 9531 4021

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Swiss Life Investment Fund - Proteus (nl)

[illegible]

Chemical Ireland Fund Administrators
 Lloyd Road, Ardara Road, Dublin 15. Tel: 01-491 3161

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| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|---------------|------|------|------|------|------|------|------|------|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
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| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
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| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
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| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|---------------|------|------|------|------|------|------|------|------|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|---------------|------|------|------|------|------|------|------|------|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|---------------|------|------|------|------|------|------|------|------|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
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| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|---------------|------|------|------|------|------|------|------|------|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
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| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
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| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
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| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
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| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
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| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% | 3.3% |
| Europe | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% | 3.2% |
| North America | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% | 3.1% |
| South America | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% | 3.0% |
| Africa | 0.8% | 1.1% | 1.4% | 1.7% | 2.0% | 2.3% | 2.6% | 2.9% |
| Oceania | 0.7% | 1.0% | 1.3% | 1.6% | 1.9% | 2.2% | 2.5% | 2.8% |
| Global | 0.6% | 0.9% | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2.7% |

| | 1m | 3m | 6m | YTD | 1Y | 3Y | 5Y | 10Y |
|--------------|------|------|------|------|------|----|----|-----|
| Asia Pacific | 1.2% | 1.5% | 1.8% | 2.1% | 2.4% | 2 | | |

Ashburton Global Funds Ltd (1200)
Victory Hse, Prospect Hill, Douglas, Isle of Man

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| 1980-81 | 1981-82 | 1982-83 | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 | 2039-40 | 2040-41 | 2041-42 | 2042-43 | 2043-44 | 2044-45 | 2045-46 | 2046-47 | 2047-48 | 2048-49 | 2049-50 | 2050-51 | 2051-52 | 2052-53 | 2053-54 | 2054-55 | 2055-56 | 2056-57 | 2057-58 | 2058-59 | 2059-60 | 2060-61 | 2061-62 | 2062-63 | 2063-64 | 2064-65 | 2065-66 | 2066-67 | 2067-68 | 2068-69 | 2069-70 | 2070-71 | 2071-72 | 2072-73 | 2073-74 | 2074-75 | 2075-76 | 2076-77 | 2077-78 | 2078-79 | 2079-80 | 2080-81 | 2081-82 | 2082-83 | 2083-84 | 2084-85 | 2085-86 | 2086-87 | 2087-88 | 2088-89 | 2089-90 | 2090-91 | 2091-92 | 2092-93 | 2093-94 | 2094-95 | 2095-96 | 2096-97 | 2097-98 | 2098-99 | 2099-00 | 2100-01 | 2101-02 | 2102-03 | 2103-04 | 2104-05 | 2105-06 | 2106-07 | 2107-08 | 2108-09 | 2109-10 | 2110-11 | 2111-12 | 2112-13 | 2113-14 | 2114-15 | 2115-16 | 2116-17 | 2117-18 | 2118-19 | 2119-20 | 2120-21 | 2121-22 | 2122-23 | 2123-24 | 2124-25 | 2125-26 | 2126-27 | 2127-28 | 2128-29 | 2129-30 | 2130-31 | 2131-32 | 2132-33 | 2133-34 | 2134-35 | 2135-36 | 2136-37 | 2137-38 | 2138-39 | 2139-40 | 2140-41 | 2141-42 | 2142-43 | 2143-44 | 2144-45 | 2145-46 | 2146-47 | 2147-48 | 2148-49 | 2149-50 | 2150-51 | 2151-52 | 2152-53 | 2153-54 | 2154-55 | 2155-56 | 2156-57 | 2157-58 | 2158-59 | 2159-60 | 2160-61 | 2161-62 | 2162-63 | 2163-64 | 2164-65 | 2165-66 | 2166-67 | 2167-68 | 2168-69 | 2169-70 | 2170-71 | 2171-72 | 2172-73 | 2173-74 | 2174-75 | 2175-76 | 2176-77 | 2177-78 | 2178-79 | 2179-80 | 2180-81 | 2181-82 | 2182-83 | 2183-84 | 2184-85 | 2185-86 | 2186-87 | 2187-88 | 2188-89 | 2189-90 | 2190-91 | 2191-92 | 2192-93 | 2193-94 | 2194-95 | 2195-96 | 2196-97 | 2197-98 | 2198-99 | 2199-00 | 2200-01 | 2201-02 | 2202-03 | 2203-04 | 2204-05 | 2205-06 | 2206-07 | 2207-08 | 2208-09 | 2209-10 | 2210-11 | 2211-12 | 2212-13 | 2213-14 | 2214-15 | 2215-16 | 2216-17 | 2217-18 | 2218-19 | 2219-20 | 2220-21 | 2221-22 | 2222-23 | 2223-24 | 2224-25 | 2225-26 | 2226-27 | 2227-28 | 2228-29 | 2229-30 | 2230-31 | 2231-32 | 2232-33 | 2233-34 | 2234-35 | 2235-36 | 2236-37 | 2237-38 | 2238-39 | 2239-40 | 2240-41 | 2241-42 | 2242-43 | 2243-44 | 2244-45 | 2245-46 | 2246-47 | 2247-48 | 2248-49 | 2249-50 | 2250-51 | 2251-52 | 2252-53 | 2253-54 | 2254-55 | 2255-56 | 2256-57 | 2257-58 | 2258-59 | 2259-60 | 2260-61 | 2261-62 | 2262-63 | 2263-64 | 2264-65 | 2265-66 | 2266-67 | 2267-68 | 2268-69 | 2269-70 | 2270-71 | 2271-72 | 2272-73 | 2273-74 | 2274-75 | 2275-76 | 2276-77 | 2277-78 | 2278-79 | 2279-80 | 2280-81 | 2281-82 | 2282-83 | 2283-84 | 2284-85 | 2285-86 | 2286-87 | 2287-88 | 2288-89 | 2289-90 | 2290-91 | 2291-92 | 2292-93 | 2293-94 | 229 |
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John Corvett Management - Confid.
Corvett Management Funds Ltd
10000 Lakeshore Blvd. Suite 1000
Toronto, Ontario M2N 6L2
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| 100 | 101 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 | 115 | 116 | 117 | 118 | 119 | 120 | 121 | 122 | 123 | 124 | 125 | 126 | 127 | 128 | 129 | 130 | 131 | 132 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 | 143 | 144 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 | 154 | 155 | 156 | 157 | 158 | 159 | 160 | 161 | 162 | 163 | 164 | 165 | 166 | 167 | 168 | 169 | 170 | 171 | 172 | 173 | 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 |
| 100 | 101 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 | 115 | 116 | 117 | 118 | 119 | 120 | 121 | 122 | 123 | 124 | 125 | 126 | 127 | 128 | 129 | 130 | 131 | 132 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 | 143 | 144 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 | 154 | 155 | 156 | 157 | 158 | 159 | 160 | 161 | 162 | 163 | 164 | 165 | 166 | 167 | 168 | 169 | 170 | 171 | 172 | 173 | 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 |

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1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

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LONDON STOCK EXCHANGE

MARKET REPORT

Big share buy-back helps equities regain 3,700

By Peter John

For once, the London equity market steered its own course. Guided by corporate and institutional activity, it ignored Wall Street, the bond markets and Europe.

Corporate activity came in the form of a big share buy-back from Guinness. Institutional involvement was more difficult to identify but some senior dealers were suggesting one fund had been buying the general market heavily.

The combined effect was to take a market that looked like it was heading lower and move it above a level which had begun to seem like a barrier.

The FT-SE 100 index climbed back past 3,700 to end the day 8.7 higher at 3,707.0, a rise of 1.7 per cent over the week. And the second-line index the FT-SE Mid 250 - hit another peak with a rise of 8.9 to 4,304.3, up 1.8 per cent in the past five trading days.

It was a different story at the opening. There had been stock washing around the system in London on Thursday and the Dow Jones Industrial Average in the US had pointed the way down.

Bonds were weak throughout Europe as investors fretted about the direction US Treasuries would take and worried further about the implication for future interest rates.

Higher than forecast German money supply figures.

In the UK, some investors were also keeping their powder dry ahead of a £30n gilts auction next week. Ten-year government bonds fell more than half a point.

Finally, the most recent survey by the Confederation of British Industry gave little help to investors or dealers hoping to counter the traditional "Friday factor" of sporadic rumour-driven dealing.

Consequently, Footsie opened lower and was 16 points down half an hour later. Then Guinness bought back 100m of its own shares through Cazenove for £463m. The inference that institutions which

had sold their shares would soon be pumping the cash back into other blue chip equities blew some life back into the market.

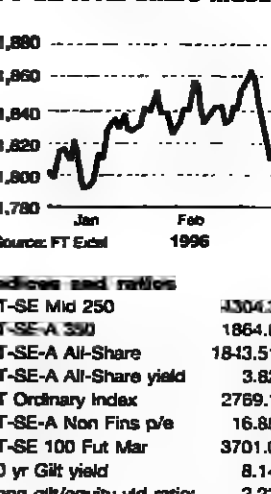
Next, a story developed that one leading financial institution was going around the market picking up prestige stocks, particularly financials and high yielders, to the tune of £200m.

Those two injections of liquidity were reflected in the day's total turnover. More than 1.1bn shares were traded in London, the biggest volume for at least a fortnight. And the dealing was expected to lift the value of genuine customer business which, on Thursday, stood at just over £2bn.

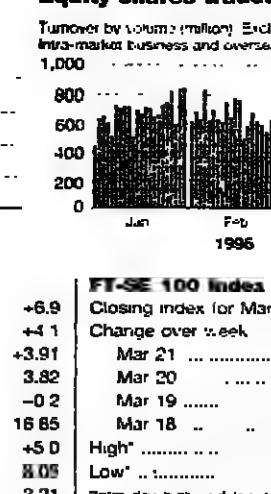
Many marketmakers ended the week happier than when they started it. While they pointed out that companies going as dividend would take almost 12 point off the FT-SE 100 index on Monday, they said there were hints that genuine buying was back on the agenda.

Mr Robert Buckland, UK strategist with James Capel, said: "We have seen some good standard buying and selling which provides a solid base for the market." Of course, the cliché that it takes two to make a market still held good. Mr Paul Walton, UK equity strategist at Goldman Sachs believes London is now entering a "classic bear market phase".

FT-SE-A All-Share index



Equity shares traded



FT-SE 100 Index

| | |
|-------------------------------|---------|
| Closing index for Mar 22 | 3,707.0 |
| Change over week | +62.2 |
| Mar 21 | 3,644.8 |
| Mar 20 | 3,685.1 |
| Mar 19 | 3,693.0 |
| Mar 18 | 3,669.6 |
| High | 3,707.7 |
| Low | 3,644.8 |
| Trading high and low for week | |

TRADING VOLUME IN MAJOR STOCKS

| FINANCIAL STOCKS | | | | | | | |
|----------------------|-------|------------------|----------------|--------------|-------|------------------|----------------|
| | Vol. | Closing price | Days change | | Vol. | Closing price | Days change |
| 2B | 1,400 | 423 | - | London Elect | 136 | 728 | - |
| ASDA Group | 1,400 | 423 | - | Lonrho | 2,708 | 211 | - |
| ASDA Retail | 1,400 | 423 | - | Longwell | 1,400 | 423 | - |
| ASDA Food | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Home | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Leisure | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Services | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Finance | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Insurance | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Media | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Telecom | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Utilities | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Energy | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Chemicals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Pharmaceuticals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Consumer Goods | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Industrial | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Technology | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Real Estate | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Transport | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Infrastructure | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Environmental | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Healthcare | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Education | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Culture | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Sports | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Entertainment | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Media | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Telecom | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Utilities | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Energy | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Chemicals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Pharmaceuticals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Consumer Goods | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Industrial | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Technology | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Real Estate | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Transport | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Infrastructure | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Environmental | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Healthcare | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Education | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Pharmaceuticals | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Education | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Culture | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Sports | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Entertainment | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Telecom | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Chemicals | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Technology | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Real Estate | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Transport | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Entertainment | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Media | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Telecom | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Utilities | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Chemicals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Pharmaceuticals | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Consumer Goods | 1,400 | 423 | - | M&P | 431 | 423 | - |
| ASDA Industrial | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Energy | 1,400 | 423 | - | M&P | 431 | 423 | - |
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| ASDA Pharmaceuticals | 1,400 | 423 | - | M&P | 431 | 423 | - |
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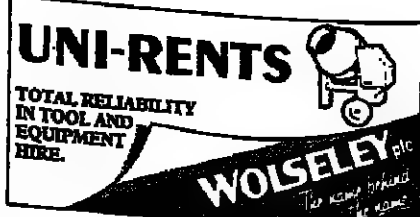
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FINANCIAL TIMES

Weekend March 23/March 24 1996



New Swedish PM appoints tough finance minister to cut state debt

By Christopher Brown-Humes in Stockholm

Mr Göran Persson, Sweden's new prime minister, stamped his authority on his Social Democratic government yesterday by appointing a finance minister committed to fiscal discipline.

He indicated he would take a more hands-on approach to government than his predecessor, Mr Ingvar Carlsson, who favoured a more collegiate style. Mr Persson did not appoint a deputy prime minister and will take overall charge of European policy after removing the European affairs minister, Mr Mats Hellström.

The new finance minister, Mr Erik Asbrink, was the architect of a tax reform measure in the late 1980s which removed the highest marginal rates.

Mr Persson took over as prime minister on Thursday after being elected party leader last weekend. He said he wanted to set his mark on his government at the outset and usher in a new era. Only eight people in the 22-strong cabinet retained their jobs.

Mr Persson stressed his main objectives were to halve core unemployment to 4 per cent of the workforce by 2000 and continue efforts to strengthen Sweden's shaky finances - state debt last year was equivalent to as much as 84 per cent of gross

domestic product. The aim was to cut the budget deficit to 3 per cent of GDP next year - from 6.5 per cent in 1995 - and to balance the books in 1998.

"The government can under no circumstances accept that the welfare state will once again be undermined by large deficits and a galloping state debt," Mr Persson stated.

Mr Asbrink, 49, succeeds Mr Persson as finance minister and is expected to follow his tough fiscal line. He said yesterday that Swedish taxes - among the highest in Europe - should not be increased, but warned that further spending cuts might be needed.

Mr Asbrink was under secre-

tary for finance and chairman of the central bank in the late 1980s and deputy finance minister in 1990-91. His most recent post was managing director of the Vaskarö property group.

Analysts said his technical credentials for the job were impeccable, but added that he might need Mr Persson's political support to force through unpopular measures because of his relatively weak position in the Social Democratic party.

Financial markets responded positively to the appointment. Yields on nine-year bonds fell 0.11 of a percentage point to 8.57 per cent, while the krona rose against the D-Mark and US dollar.

US-China ties hit low

Continued from Page 1

Beijing, meanwhile, maintained its propaganda war against Taiwan and the US. Defence Daily, the mouthpiece of China's defence ministry, accused the US of imperialism in a commentary that was a throwback to the 1950s, when Washington was regarded as Beijing's main enemy.

China, which regards Taiwan as a renegade province, has accused Mr Lee of advocating independence for the island, thus undermining reunification efforts. Mr Lee denies this. China's military exercises, which involve units of the army, air force and navy, are due to continue until Monday.

The Nimitz, now in the South China Sea en route from the Gulf, is expected shortly to join the aircraft carrier Independence and other vessels to form the largest US armada in Asia since the Vietnam war. China has warned the US against sailing through the strait and indicated it was capable of carrying out an amphibious attack on Taiwan.

Accountancy firm winding up BCCI 'overcharged by £1m'

By Jim Kelly in London

British accountants called in to wind up the Bank of Credit and Commerce International have been accused in a confidential report of overcharging creditors by £1m (\$1.63m) in the immediate aftermath of the bank's collapse.

The report was commissioned by a court in Luxembourg, where the bank was registered, and is understood to allege that accountants Deloitte & Touche overcharged by 40 per cent during the six months after BCCI closed.

The court asked for the report from a panel of three independent experts after prolonged arguments over the level of fees charged by the liquidators during the collapse of the bank in January 1995.

The firm will contest the report, which remains confidential, at a series of court hearings - the first of which was held yesterday. It will claim that the experts who wrote it have no knowledge of the costs involved

in a global liquidation of a bank with branches in 69 countries.

Creditors' leaders will lean on the findings as proof that the firm overcharged. Those based in the UK are currently embroiled in negotiations over the fees charged over the last year.

"These people have been spending money like water," said one. "The dispute marks another low point in relations between the firm and the Luxembourg authorities. Deloitte & Touche is in the process of suing the Luxembourg banking regulator for allegedly failing properly to regulate BCCI. Efforts to win court backing for a creditors' settlement have been repeatedly frustrated in the Luxembourg courts."

The firm will fiercely resist any attempt to use the report to drive down fees elsewhere. It will argue that the first six months of the liquidation required huge resources to be deployed to secure assets quickly. So far the accountants have realised assets for creditors of \$3.3bn - against

global fees approaching \$300m.

Deloitte & Touche, which operated as Touche Ross at the time, believes the final ratio of costs to returns for the liquidation will show it has charged below the industry average of 10 per cent - possibly as low as 7 per cent.

"The firm believes the experts' report tries to compare its fee levels with those charged for a routine auditing assignment. "This was more than a case of having to go in and change the locks," said one insider.

The firm said in court yesterday the experts who wrote the report had been paid £1.5m (\$2.3m) an hour - as opposed to the £1.1m charged for the services of Mr Brian Smouha, the liquidator who controlled the global operation and was appointed on the recommendation of the Bank of England and Luxembourg regulators.

The firm said squabbles over the fees would not stop it paying a first dividend of 30p in the pound to up to 250,000 creditors.

US expert casts doubt on V-Chip

By Raymond Snoddy in London

A leading US expert on the classification of video games will tell British ministers next week that he has serious doubts about the practicality of V-Chips, the electronic devices designed to prevent children watching unsuitable television programmes.

Mr Arthur Pober, executive director of the Entertainment Software Rating Board of the US, said yesterday US politicians had backed the use of such chips before looking at how they would work in practice.

Mr Pober, who is to open a debate on V-Chips at the National Heritage Department in London on Tuesday, said the device was "not necessarily a silver bullet to cure all the ills of society".

Device to stop children watching unsuitable TV shows questioned

The meeting, which will also be addressed by Mr Jeffrey Goldstein, professor of psychology at the University of Utrecht in the Netherlands, was organised by the UK's Advertising Association following the endorsement of the V-Chip, at least in principle, by the European Parliament.

V-Chips would be fitted in television sets during manufacture and would allow parents, using a secret password, to set tolerance levels for violence, sex and bad language for a particular age group. Broadcasters would be required to attach coded information to their programmes for each of the categories. If the programme breached the tolerance

level, it could not be watched.

US President Bill Clinton has ordered that, in two years, all new television sets in the US will have to be fitted with the chip.

Yet Mr Pober believes that US politicians have backed the concept of the V-Chip before looking into how it will work in practice. He said there were still many obstacles to be overcome before V-Chips could be introduced. He believes introducing classification and ratings systems for television is vastly more complex and expensive than for software and video games.

The ratings board that he runs produces icons on packaging, together with more details inside

the box, to tell parents what they are buying. Mr Pober believes cartoons could be rated as violent programmes and therefore deemed unsuitable. The definition of what is acceptable can also vary from one part of a country to another.

Mr Pober is also concerned about how many people will actually use the V-Chip even if the problems of definition and classification can be solved.

Mr Goldstein will tell next week's debate about some of the latest studies on television violence in the US.

One study has found that boys aged 10-14 were instantly attracted to forbidden material. "The very group it [the ratings system] is designed to protect is the group that finds the programmes most attractive," says Mr Goldstein.

THE LEX COLUMN

Corporate cashpoints

In the UK, share buy-backs have traditionally been considered a mark of defeat by managements. But in the current environment of low inflation and low interest rates, they are an increasingly attractive option. Guinness's £463m share buy-back yesterday will enhance earnings by only 1 per cent this year. But by gearing up the balance sheet it will increase longer-term returns to shareholders. It has more than enough cash flow to support higher debt, and its tax-exempt shareholders get the benefits of a tax credit. Besides, the poor performance of its last significant investment, Cruzcampo, amply demonstrates the wisdom of returning cash to shareholders when there is no obvious alternative.

Buy-backs were a feature of the US market last year, with around \$21bn of repurchases completed. By comparison, a total of £1.4bn of buy-backs in the UK looks miserly. In the US there are significant tax incentives for pursuing buy-backs rather than special dividends. Furthermore, the benefits of consolidation in sectors such as pharmaceuticals has meant that takeovers have been a far more significant means of spending surplus cash.

Nonetheless, corporate cash flow after dividends and capital expenditure is expected to grow from £12bn to £18bn in the UK this year, excluding the financial sector. So buy-backs could really catch on. Consumer-oriented sectors such as general retailers and supermarket groups have little incentive to build new capacity in a gloomy retail environment, and limited scope for share repurchases. Share repurchases look an easier and safer source of earnings growth.

BT

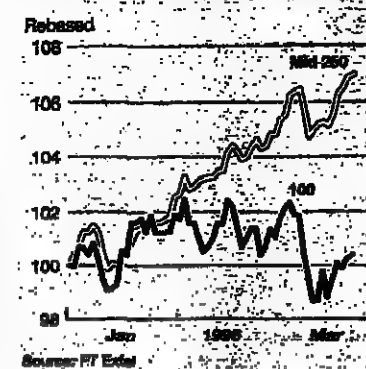
The idea that British Telecommunications should employ financial engineering to boost its share price is not original. But since its regulator began work on a new price cap, calls for the telecoms group to break itself up or engage in a massive share buy-back have been mounting. One's latest proposal, which would cut the annual cashflow in BT's regulated business by about £1.2bn. Not surprisingly, investors are desperate for any scheme that promises to prop up BT's sinking share price. But would a break-up or a buy-back do the trick?

Demerging BT's regulated and unregulated businesses is superficially attractive. Advocates expect the unregulated part - mobile communications, multimedia and international operations - to trade at a fancy multiple. That might act as a short-term financial fix. But there are longer-term

FT-SE Eurotrack 200:

1636.2 (+7.1)

FT-SE indices



drawbacks. First, a break-up would hamper BT's ability in the future to offer customers packages combining mobile and multimedia services with traditional phone services - a growing trend in the US. Second, the unregulated business would probably be too small to play a leading role in the potentially lucrative continental European market.

A share buy-back makes more sense. The fact that BT was prepared to contemplate paying a 54m-55m special dividend as part of its recent merger talks with Cable and Wireless shows the balance sheet could withstand higher gearing. Such a move might allow earnings per share to rise despite the harsh regulation. But BT should not move until a new price cap is finalised. If it acts too soon, Ofcom may snuff the benefits.

Smaller companies

Smaller stocks have been outpacing their larger brethren this year. The FT-SE Mid 250 index - which hit another record high yesterday - and the FT-SE Small Cap have both risen 7 per cent so far in 1996, while the FT-SE 100 has been flat. Last year it was the large stocks that raced away, boosted by strong gains from banks, oil and pharmaceuticals. The top index was also helped by a wave of takeover activity, including successful bids for Wellcome, TSB and Forte. That trend has now reversed. Bank shares have underperformed following the recent sell-off in the bond market, while pharmaceuticals have been hit by profit taking. Conglomerates, gas and telecoms, all heavily represented in the FT-SE 100, have been other notable weak spots.

By contrast, the engineering, chemicals and transport sectors have done

well as investors have switched their attention to cyclical companies. This has boosted the Mid 250, which has a 30 per cent weighting of industrial stocks against 13 per cent for the FT-SE 100. Mergers and acquisition activity has also shifted to medium-sized companies like BET, Lloyds Chemists and M&L.

Looking ahead, smaller companies, with their greater gearing to domestic markets and the consumer, should continue to benefit from the relative strength of the UK economy compared to the rest of Europe. But at some point investors who have driven up water and electricity stocks - which make up a large part of the Mid 250 - in the hope of further takeovers will start to focus on a potentially damaging change of government.

BSE

The government's admission that BSE - bovine spongiform encephalopathy, known as mad cow disease - might, after all, transmit Creutzfeldt-Jakob disease to humans means that beef consumption in the UK is set to fall further, however the crisis is resolved. The result is likely to be a switch to pork, poultry and fish. This will create winners as well as losers. Hillsdown is one it looks smart, having sold its abattoir business. And although it still has a small red meat processing operation, it is the UK's largest poultry processor. Turkey producer Bernard Matthews also looks attractive.

The losers from the latest beef scare are not only beef producers and suppliers. Feed operators, for which the largest and most profitable part of the business is cattle feed, also stand to suffer. Increased demand for other types of feed would probably not compensate for lost business. Those at risk include Dalgety and Harrisons & Crossfield.

The list of losers would become longer still, however, if beef and dairy farmers' worst fears are realised, and the entire UK herd is slaughtered. This is a possibility because, although there is no evidence of any risk from milk, BSE is largely found among dairy cattle. Since the UK is 85 per cent self-sufficient in milk, this would mean importing vast quantities - a logistical nightmare, since, although continental Europe has a milk surplus, it might have to be pasteurised in the UK. Given the already high price of British milk, the impact would be somewhat muted. But, Unigate and Northern Foods look vulnerable, even after recent rationalisation to cope with the changes in the milk industry.

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Century Plaza Hotel, 2025 Avenue of the Stars

London - Tuesday 2 April at 6.15pm
London Business School, Sussex Place, NW1

Toronto - Monday 15 April at 6.15pm
The Four Seasons Hotel, 21 Avenue Road

Cape Town - Wednesday 17 April at 6.15pm
Mount Nelson Hotel, Orange Street

London - Wednesday 1 May at 6.15pm
London Business School, Sussex Place, NW1

Johannesburg - Wednesday 8 May at 6.15pm
Rosebank Hotel, Tyrwhitt Avenue, Rosebank

London - Monday 3 June at 6.15pm
London Business School, Sussex Place, NW1

Information about the MBA and Sloan Masters Programme will also be available.

Please attach a business card or write in block capitals to: The Information Officer, Finance Programmes Office, London Business School, Sussex Place, Regent's Park, London NW1 4SA, UK.

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FT 23/96

FT WEATHER GUIDE

Europe today

Conditions will vary widely. High pressure over north-eastern Europe means western Russia, eastern Scandinavia, the Baltics and Belarus will be calm with lots of sun. A depression west of Spain will draw warmer air to the north, bringing cloud and rain to Ireland, northern England, southern Scotland, Portugal and western Spain. The southern UK, the Benelux and Germany will be dry with mostly cloudy skies. Elsewhere in western and central Europe it will be dry with sunny spells, except in Greece and Turkey which will have showers.

Five-day forecast

Atlantic low pressure systems will gradually move further into Europe bringing unsettled conditions and cloud to the UK, Germany, the Benelux, France and the Iberian peninsula. High pressure will then move from Iceland towards the UK to temper the unsettled conditions. The rest of Europe will stay dry until Tuesday, when the high responsible for these conditions will weaken as disturbances approach from the west.

Warm front Cold front Wind speed in KPH

TODAY'S TEMPERATURES

| Location | Temp | Location | Temp | Location | Temp | Location | Temp |
|--------------|------|--------------|------|----------|------|--------------|------|
| Abu Dhabi | 30 | Amman | 10 | Cardiff | 12 | Farø | 20 |
| Accra | 30 | Basel | 10 | Cardiff | 12 | Frankfurt | 15 |
| Algiers | 24 | Belgrade | 10 | Cardiff | 12 | Geneva | 15 |
| Amsterdam | 13 | Berlin | 9 | Cardiff | 12 | Glasgow | 10 |
| Athens | 17 | Birmingham | 10 | Cardiff | 12 | Hamburg | 10 |
| Atlanta | 17 | Bombay | 25 | Cardiff | 12 | Heidelberg | 10 |
| Bahia | 25 | Brussels | 10 | Cardiff | 12 | Hong Kong | 20 |
| Bangkok | 14 | Buenos Aires | 10 | Cardiff | 12 | Los Angeles | 20 |
| Bombay | 25 | Calcutta | 25 | Cardiff | 12 | Madrid | 20 |
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| Calcutta | 25 | Dubai | 25 | Cardiff | 12 | Mexico City | 20 |
| Chennai | 25 | Dubrovnik | 10 | Cardiff | 12 | Miami | 20 |
| Cairo | 25 | Edinburgh | 10 | Cardiff | 12 | Montreal | 10 |
| Cape Town | 17 | Frankfurt | 15 | Cardiff | 12 | Moscow | 10 |
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| | | Glasgow | 10 | Cardiff | 12 | Nairobi | 20 |
| | | Hamburg | 10 | Cardiff | 12 | Rangoon | 20 |
| | | Heidelberg | 10 | Cardiff | 12 | Reykjavik | 10 |
| | | Hong Kong | 20 | Cardiff | 12 | Rio | 20 |
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| | | Madrid | 20 | Cardiff | 12 | S. Francisco | 16 |
| | | Manila | 20 | Cardiff | 12 | Seoul | 10 |
| | | Mexico City | 20 | Cardiff | 12 | Singapore | 20 |
| | | Miami | 20 | Cardiff | 12 | Stockholm | 10 |
| | | Montreal | 10 | Cardiff | 12 | Strasbourg | 10 |
| | | Moscow | 10 | Cardiff | 12 | Sydney | 23 |
| | | Mumbai | 20 | Cardiff | 12 | Taipei | 20 |
| | | Nairobi | 20 | Cardiff | 12 | Tokyo | 14 |
| | | Rangoon | 20 | Cardiff | 12 | Toronto | 10 |
| | | Reykjavik | 10 | Cardiff | 12 | Vancouver | 11 |
| | | Rio | 20 | Cardiff | 12 | Venice | 14 |
| | | Rome | 17 | Cardiff | 12 | Warsaw | 10 |
| | | S. Francisco | 16 | Cardiff | 12 | Washington | 10 |
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Weekend FT



Michael Wigan explores the reasons behind the rise in 'black fish' catches in British harbours and how the industry has become a political embarrassment

Fishermen caught in the political net

In a still harbour on a winter's night, a fishing boat chugs quietly to the quayside. Simultaneously a van glides up and boxes of fish are loaded into it. The van disappears and a lorry arrives. The rest of the boxes are loaded on to it.

The boxes on the van are of "black" fish, concealed from fishery inspectors: fishermen say they cannot make a living unless they catch more than the legal quotas.

"Black" fish are often the best of the catch. Within hours, they are being processed into fillets with hundreds of thousands of others.

"Black" fish push market prices down and make the science of stock assessment, which incorporates commercial landings, more difficult, but law-breaking is universal in Europe's Common Fisheries Policy area, as fishermen tenaciously defend their living.

Fisheries have become a potential source of severe political embarrassment, a fact emphasised last week by the much publicised visit of Ms Emma Bonino, the EU fisheries minister, to Peterhead.

Sir Richard Body, the maverick Lincolnshire MP, has exploited the Conservative party's slim majority in the House of Commons, by threatening to withdraw his support in if the government weakens on fisheries policy. He says that Tony Baldry, the fishery minister, must continue to insist that Britain's 12-mile inshore fishing limits will remain in force after the CFP reforms of 2002.

As Sir Richard knows, Baldry is on slippery ground. If in 2002 any nation insists that the regulations under the 1972 Treaty of Accession be applied, then fishing grounds everywhere must be opened up to all Britain, which surrendered its 65 per cent share of all EU fishing stocks, retaining only 12 per cent by value of the seven most commercially important species, would be forced to allow European vessels to scrape their trawls by Brighton Pier.

A tricky point of constitutional law is involved. Baldry's

assurances about inshore limits refer to a derogation achieved late in 1972, when fisheries were the last obstacle to Britain's entry to the Common Market.

This derogation has to be re-evaluated every 10 years. The leaders of the Fishermen's Association Ltd, a fast-growing breakaway group, say that Britain should renegotiate the regulations in the Treaty of Rome, and that parliament was misled by Edward Heath's government into believing the derogation was permanent.

The sensitive issue of exploitation of the last fully wild resource is also at stake. Fishermen put nothing back:

The sensitive issue of exploitation of the last fully wild resource is also at stake

they survive by regulating their take.

Technical advances have bestowed almost God-like power on fishermen. The wheelhouse of a modern trawler is packed with electronics.

The most critical for fish-catching is the echometer, a green screen on which denser shoals show up. They can, theoretically, track the last fish. But the scanner cannot, yet, separate catchable fish from those surplus to needs.

Discarded fish are one of the CFP's biggest embarrassments, a point emphasised indignantly by the House of Lords select committee report on European fish stocks, published in January. If a boat catches fish for which it has no quota - surplus target fish, or fish which are too small, known as by-

catch - they are thrown back, usually damaged and vast quantities of good protein are daily fed to the seabirds.

Some fishing gear is more damaging than others, but British and Dutch scientists have worked out that for every pound of sole dragged off the sea-bottom, some North Sea beam trawlers discard 10lb of by-catch. Global by-catch is estimated at about a third of all fish caught.

The CFP is run from Brussels. There, Total Allowable Catches are calculated and advised by the European Commission. Member states are then allocated quotas for each main commercial species. The area to be fished embraces all waters within EU member states' 200-mile limits, except in cramped corners such as the Mediterranean and certain derogated inshore waters.

As well as TACs and quotas, the commission decides on permissible net sizes, and therefore the potential for undersize fish to escape; the horsepower of fishing boats and other "technical measures"; and fishing seasons. Each state is expected to police what were once its sovereign waters, to check catches in port, and periodically correlate them to the skipper's logbook of catch.

Fishermen are angered by differences in the levels of national surveillance. Spain, with a minuscule fishery inspectorate, exercises minimum restraint on its huge fleet.

British inspectors have found mackerel (a type of sole) for sale in Spanish markets which were half the permitted size. They also found open defiance of the CFP among Spanish fishermen and officials. When, this year, 83 Spanish fishing boats acquired licences to fish in the Irish Box, British and Irish fisheries police shortly noted that a third of the

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Joe Rogaly

What is Mr Dorrell for?

Why naked ministers are sheltering behind Mother Science

Science is not omniscient. Scientists know what they know, no more. Researchers are as good as their last experiment. When it comes to making important decisions the men and women in white coats are as incompetent as the rest of us. In daily life, common sense beats science every time.

The above homilies are a selection on offer from this space to British ministers in general and Stephen Dorrell in particular. Whichever rubric the secretary for health chooses should be burned into a rustic panel of good English oak. It might then with advantage grace the walls of his office. Alongside, he should hang an additional motif - "I am paid to use my head".

These propositions are not self-evidently accepted by Mr Dorrell, or, indeed, by any other minister - least of all Douglas Hogg, who speaks for agriculture. On Wednesday the pair of them were saddled with the painful task of announcing that there is most likely a link between mad cow disease and a new strain of Creutzfeldt-Jakob disease, which rots the human brain.

This was, shall we say, awkward. The government has spent some 10 years repeating that there is - was - no evidence of any such connection. To cover their nakedness the

ministerial duo sheltered behind the skirts of mother science. All he could do, Mr Dorrell murmured at regular intervals, was convey the findings of the independent experts who advise him. Since Wednesday he has answered almost every question with a chant about the best scientific and medical opinion. His own judgment on this matter, he insisted, was worthless.

In that case, what is the point of his existence? Government, like business and all other forms of human enterprise, is best run by both generalists and specialists, amateurs and experts, the merchants of dry facts and the purveyors of considered conclusions. Scientists, technicians, engineers are valuable, but the views they see through the prisms of their several disciplines are necessarily restricted.

To broaden the focus we must turn to the intelligent amateur, the informed citizen, the government minister, our own nous. Each of us must use his or her critical faculties. The unschooled patient of yesterday would say "I am under the doctor" and take whatever was prescribed. A medicine man was in charge; thought ended there.

This is not good enough. The idea that "doctor knows best" is gradually being superseded by "doctor knows very

little". We are grateful when he or she can make a diagnosis and happiest when a successful treatment is forthcoming, but if we are wise we do not leave our common sense outside the surgery door.

So it should be in the continuing dialogue between government and science. The idea that mad cow disease could be transferred to people through the food chain has long been a

The episode reinforces the sense that we are eating too many additives and pesticides

matter of public speculation, not least in Germany. Confronted by this, the predecessors of Messrs Dorrell and Hogg seemed grateful to convey the careful words of their advisers. They could "find no evidence" of a link to human fatalities. No one wanted to make the imaginative leap. "British beef is safe," they chirruped, with the prime minister joining the chorus.

Well, the beef industry was not safe under such a pusillanimous regime. It was heading for this week's confession of error. Sales are expected to

fall sharply. European markets are being closed to British cattle. Luckily, I have no money in any hamburger joint but those who have would be prudent to remove it. If the government has been trying to protect farmers it has gone about it in the most damaging way you could think of.

What could it have done? It might have avoided reassurance altogether, leaving scientists to speak for themselves. It could have properly funded a ruthless and therefore convincing cull of herds in which the disease was present. This would have been in accord with the "precautionary principle" as applied to suspected environmental dangers.

It may be objected that this would have been an extreme reaction to a very small health risk. Yes and no. You may go along with those who argue that there will be no large-scale outbreak of CJD. They could be right. With the offal removed from beef carcasses, and the feeding of infected sheep meat to cows discontinued, the danger is said to have passed. I, too, am inclined to give the many scientists who take this position the benefit of the doubt. But I am a mere greedy beef-eater.

I could afford no such luxury if I were a farmer or a meat trader. The financial risk would be too large. Applied earlier, the precautionary

principle may have saved fortunes that could now be lost. Today there may anyway have to be a mass taxpayer-financed slaughter of suspect herds, either as a belated precaution, or because the meat will be unsellable. Previous agriculture ministers unafraid to use their minds might have anticipated this.

The episode reinforces the general sense that we are eating too many pesticides, hormones and other additives. Each of the concoctions injected into our food is justified with pronouncements that "we can find no evidence..." or "very slight risk...". Yet the sperm count is falling and unexplained new illnesses have appeared in recent decades.

Ministers trusted scientists until tobacco smoking was definitively associated with lung cancer. They still affect to trust them today. They have the short-term interests of the food industry in mind when they fight off each challenge to each new laboratory product. Some are beneficial, some may cause harm.

One day a thinking politician will demand that the onus of proof of harmlessness lies with the producer of each new substance, be it pesticide-coated fruit, hormone-fattened beef or sheep-infested cattle-feed. That is the way to keep science in its place.

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PERSPECTIVES

Science

A long way to go to find alien life

Clive Cookson reports on the discovery of distant new planets and asks how they might be explored

The biggest news in astronomy over the past few months has been the discovery of planets beyond our own solar system. Giant planets, similar in size to Jupiter, have been detected in orbit around three sun-like stars about 40 light-years away from us.

The first announcement came in October from two Swiss astronomers, Michel Mayor and Didier Queloz of the University of Geneva. It was met with some scepticism. Astronomers have been searching for evidence of extra-solar planetary systems for almost 40 years, and several earlier claims had to be retracted when the "planets" turned out to be artefacts resulting from observational error. But the Geneva discovery was quickly confirmed by two Americans, Geoffrey Marcy and Paul Butler, of San Francisco State University, who went on to announce two new planets of their own in January.

People who read newspaper stories about the planets or heard about them on radio or television

could be forgiven for thinking that the astronomers discovered more than they really did. There were vivid descriptions of conditions on these giant new worlds: their temperatures, atmospheres and, above all, possible inhabitants.

PA, the UK news agency, headed its report: "New planets may support crab-like aliens." The Daily Mail gave readers the image of "refreshing rainfall and cool, flowing water".

All that is wishful extrapolation from indirect observations. Even giant planets are too small and too dim to see directly at 40 light-years - a million times the distance from Earth to the Sun - with today's most powerful telescopes. It would

be like trying to spot a firefly flitting across the face of a distant spotlight.

Instead the astronomers detect a periodic small wobble in the motion of a star, caused by the gravitational pull of an orbiting planet. By analysing the movement, they can work out the planet's size and distance from the star. Further calculations are then required, using formulae for the absorption and radiation of heat, to estimate the surface temperature of the planet or its atmosphere.

On that basis the planet discovered by the Geneva observatory is too close to its parent star, 51 Pegasi, to sustain any conceivable

form of life; its temperature is above 1,000°C. One of the American discoveries is probably too far away from its star, 47 Ursae Majoris, and therefore too cold.

But the third planet, orbiting 70 Virginis, has an estimated surface temperature of 80°C. Although that would immediately scald most forms of life that have evolved on Earth, some extremophiles - bacteria that live in hot springs and volcanic vents on the ocean floor - might feel at home there. The point is that the planet may have a temperature in the region that could support liquid water and the organic molecules that make up life on Earth.

On the other hand, the planet

might be a gaseous giant like Jupiter with no solid surface. And even if there is a surface, the crushing gravity would rule out the evolution of Earth-like plants or animals; only very short and squat, low-growing creatures could survive there.

To move beyond wild speculation, astronomers want to build an entirely new sort of telescope in space to study Earth-like planets orbiting distant stars. This "infrared interferometer" would need to be at least four times further away from the Sun than Earth is - in other words, as far out as Jupiter - to prevent weak radiation from outer space being obliterated by light from local interplanetary

dust lit up by the sun.

A huge structure would be required, with four telescopes linked together with extreme precision over a distance of more than a kilometre. It would be assembled in space, using the facilities of the planned international space station, and then sent out to its final orbit. Although the cost would run to at least \$2bn over 10 years, both the US and European space agencies are actively considering it as a flagship mission for the beginning of the next century.

Dan Goldin, head of Nasa, believes that such a search for evidence of a living planet would catch the popular imagination. Ironically, Congress has prohib-

ited Nasa from funding a complementary search for extraterrestrial intelligence by listening for radio signals from other civilisations.)

The infra-red interferometer would provide direct evidence of the temperature and chemical composition of the atmosphere on distant planets. A combination of temperate conditions and an atmosphere rich in water, carbon dioxide and - above all - oxygen would show the presence of living creatures: scientists say there is no mechanism for an oxygen-rich atmosphere to evolve, other than through respiration or breathing plants, animals or other forms of life.

However, any planet beyond our solar system would be much too far away for astronomers to obtain any image of its surface. They might be able to proclaim the existence of extraterrestrial life, but any details would remain speculative - unless they can tune a radiotelescope to the planet and pick up intelligent signals.

Ordinary dads can be heroes too

Clive Aslet says the Modernists have made life difficult for fathers

A while ago, I had dinner with a friend who told me of a rather sinister plot to undermine the happiness of mankind. It had to do with children's television.

For some reason, my friend had noticed, that people like him - prosperous, middle-class citizens, perhaps with a tendency to portliness - just do not get portrayed as heroes. Clearly they are heroes to their own children: all fathers are. But the medium of television overlooks their mythic, wonder-working qualities.

In cartoons, for instance, the role models are groovy, street-wise individuals, likely to wear baseball caps back to front. Obviously this shows that the natural order of things is being subverted.

Modernists: they are the ones responsible for it. Come on, I thought, smothering my skepticism beneath a second helping of crème brûlée. He must have been spending too much time reading the collected speeches of the Prince of Wales.

But now, after a week in which I have bought a new car seat and a harness for my baby's high chair, I am coming round to his point of view. The challenge of constructing such things makes me think that the Modernists are trying to perpetrate a secret new qualification for fatherhood: anyone without a developed aptitude for technology ought not to reproduce.

It is as difficult to put up a travel-cot as to find the entrance to a building by Sir Richard Rogers. Further, look at the colours.

I am told that studies show garish colours are as offensive to babies as the rest of us. But most of the merchandise in the Early Learning Centre, a successful toy shop, would make a Las Vegas casino look pallid. I am staring at a toy now, and it is giving me a headache.

It would be an austere, questioning parent who forewent these plastic horrors in favour of natural materials. A parent, moreover, who had a lot of time - wooden toys are difficult to find. But ones with batteries, flashing lights and Dalek-like interactive voices are commonplace.

As though to prepare the infant for the consumer "dualities" of adulthood, they have

an in-built obsolescence. At nine months my baby William's path through life has already been strewn with discarded non-functional apparatus. It is coming to resemble one of those country roads in Ireland, with shells of rusting motor vehicles at the wayside.

The other day our air pair bought some tapes of English nursery rhymes. Being Italian, she naturally wishes to familiarise herself with such useful colloquialisms as "his breeches are made of haggis-bags" and "thou'lt have a fishy". They were orchestrated in the style of the soundtrack of a Clint Eastwood film. "One Man Went to Mow" now conjures up visions of *Dirty Harry*.

So far, William's appetite for books has yet to reach the metaphorical: that is to say he eats them. When he is older, we shall have to face up to the baleful incursions made by the Modernists into children's literature. The countryside is no longer the same. Ironic place it was to Christopher Robin, but a whole ecosystem of anxiety. Fish suffer in polluted rivers and animals struggle for survival in depleted habitats. Man, of course, is the culprit. For man read parent.

As for political correctness, it has even bewildered *The Wind in the Willows*. In the old days, Toad, receiving sentence for his motoring misdemeanours, was given an extra year for being green. No more.

Then there is pop music. I tell you, to send the whole fabric of society crashing down around our ears. As if our ears have not suffered enough.

But he has a point. The pop culture has dissolved the old continuity between childhood and adulthood. Adulthood is presented as an alien condition - certainly not something desirable to obtain.

So rock idols grow old, but never grow up. Mick Jagger and the rest are trapped in a Never Never Land from which they do not even try to escape. Not for them the joys and responsibilities, the jobs, mortgages, family routines and commuter journeys, that should come with man's estate - or, these days, with man's Renault Espace. It must be hell. Not.

As for the consumer "dualities" of adulthood, they have

The Fishermen's Association's advocacy of British withdrawal from the CFP looks isolated for the time being. But other EU states, including Ireland, Denmark and the Netherlands, are also anxious about their inshore fishing grounds. If Britain's derogation is threatened so is theirs.

The British fishing zone is certainly a big cherry, eyed greedily by many. For example, Spain has yet to get access to the prized North Sea.

If British politicians are to act in the interests of the UK fishing fleet they will need to be pushed. There are several ways this could happen, and all involve a feeling in the nation that Britain has been sold out and robbed.

For Britain was one of the great fishing nations only a short time ago. Before most nations declared limits in 1977, the British distant water fleet had travelled the oceans bringing home whitefish from Iceland, Canada and the Arctic. Fishing rings bells in the nation's subconscious. And politicians sense this.

Michael Wigan's book, *The Last of the Hunter-Gatherers*, is due to be published next year.



Staying power: Bill Nicholls with one of the fine china hand-painted collectables that his company produces

Minding Your Own Business

A fragile company is dealt a series of blows

Receivers and a serious fire have visited Albany Fine China. Clive Fewins reports

beyond the 1980s. A lifetime in producing fine china collectibles has convinced him there will always be a market for the excellence they represent.

"It is a case of being patient, expanding gently, and, as always, getting the marketing absolutely right," he said.

Until last May, he and Best thought they had got it about right. They had re-hired nine former employees, taken over a small local company producing military figures, and brought the product range up to its 1987 level.

"We spent £300,000 on the company, managed to achieve high profit margins again, and reached a turnover

of £350,000 in 1994-95," said Best. Then last May disaster struck. A fire - it was proved to be arson but the culprits have yet to be caught - destroyed 200 of their 300 master patterns and put the company out of production for six weeks. It meant Nicholls and Best missed two big trade exhibitions in Milan and Barcelona.

"Fortunately there was little damage to the roof and we managed to get into production again in much of the building using the master patterns we managed to save," Nicholls said.

"However the chance of rebuilding trade in Europe was killed dead and at home, deliveries have been badly

affected. Some of our retail outlets have lost a certain confidence in us."

Since May the company has cut its workforce to seven, and in Nicholls' words is "limping along".

"The figures for the first four months of 1995 had been very good," Nicholls said. "Since then we have had to spend huge amounts of time cleaning up, commissioning and creating new master patterns at about £1,000 a time, and trying to build up stock, as almost all of it was destroyed in the fire."

"It has been a devastating blow to a fragile business which was just beginning to recover, and in which the

development costs of each new figure - only 60 per cent of which succeed in the marketplace - are between £3,000 and £4,000."

"Lloyds bank has been very good to us, but our overdraft is up to £500,000 and our total insurance claim for about £250,000 has progressed so slowly that it looks like having to be settled in court."

"They say only fools enter the world of ceramic collectables, and in returning, I feel I let my heart rule my head. I certainly did not come back into the business to lose my money."

Albany Fine China, Lounsmoor, Worcester WR1 2SG. Tel: 01905 726320.

Fishermen caught in the political net

Continued from Page 1

nominated Spanish captains already had convictions for illegal fishing.

Fishermen have a more ambivalent relationship with fishery scientists, who advise on TACs. At the heart of TACs are stock assessments and scientists have devised complex formulae for estimating fish numbers. Until recently they relied on catches in the holds of fishing vessels, the time it took to catch them and their age. From the ages, they worked out stock sizes and therefore next year's possible catch.

In the 1990s this was recognised to be too simplistic: discarded undersize fish and "black fish" were being left out. And the gap between actual and recorded catches is widening, as fishermen complain that quotas are set too low, and as more cautious TACs lead to greater discarding and more "black" landings. The part played by predators

was not factored in either. Yet cod frequently have five or six herring in their stomachs. The commercial fish species in the CFP are fed principally off each other, in different combinations at different stages of growth, and some, like cod, eat their own kind.

Added to this, breeding success is unpredictable: individual fish may lay more than 1m eggs in a wildly fluctuating marine environment, in which temperatures, and therefore the survival of juveniles, varies enormously. Normal year-by-year population swings in mainstream species such as cod and haddock are between 20 and 30 per cent; in abnormal years it can be much greater. Stocks of young haddock multiplied by more than 100 times between 1993 and 1997, for example.

The scientists reply that in the North Sea, Europe's main fishing ground, they have every chance of forecasting stocks correctly. New multi-species models are being used, with the impact one species

has on another being taken into account. Fishery research vessels are used, rather than commercial fishing boats, and their small-mesh nets take samples of all ages.

Scientists look for long-term equilibrium but are constrained by the politics of fishing - their recommended TACs are often increased in the wranglings at the Council of Fisheries Ministers - and by funding. Although representing less than 1 per cent of gross national product in most states, fisheries have a high political profile; they have become a jousting ground for injured national self-interests. Fisheries management and fisheries conservation, ideally twinned, are being squeezed apart.

It is hard to find a fisherman, or anyone in the industry, who believes in the credentials of stock assessment. "How can they know?" they ask.

This school of thought was boosted by the tragic unravelling in 1992 of the 40-year-old cod fishery on Newfoundland's

Grand Banks. As in the North Sea, the target fish there is prime cod. Canada is a leading fishing nation which had prided itself on its rigorous science and sensible quotas. Canada chose a fashionable management option and began to limit access to the cod fishery, favouring big, modernised trawlers equipped with electronic sensors to facilitate the removal of large numbers of cod, at the expense of the small inshore fishing boats.

Having established a 200-mile limit in 1977, and expelled foreign vessels, scientists expected a rapid stock recovery. This was in spite of the fact that stocks were at an all-time low, and that foreign vessels continued to fish outside the limit.

Scientists were perplexed when the catches remained down. Their findings produced contradictory results: research conducted on commercial fishing vessels suggested catch targets could be increased; those on research vessels, the opposite. Scientists decided to advo-

cate bigger quotas, partly because they fitted in with long-term forecasts, partly because they suited fishery interests urging larger quotas, and partly because they were learned on by politicians. But these quotas were not, and

could not, be caught. When the collapse was acknowledged and fishing was officially banned in 1992, 40,000 fish-related jobs disappeared in a fish-only economy. Today the Newfoundland economy is devastated and the cod stocks show no sign of recovery: the cod biomass is 1 per cent of what it once was. Fishery managers say it will be 15 years

before a resumption of fishing will even be considered. The Newfoundland collapse shook American and Canadian fishery scientists severely. Areas had been over-fished before, but never, while under scientific management, wiped out.

The quotas might have been politically convenient - as one scientist put it: "Everyone wants improvement, nobody wants change." But the technology had grown too powerful. The ancient Newfoundland fishery had been operated with hand-lines and fish-traps, compared with the gaping jaws of the fast-moving trawls.

Could something similar happen around the British Isles? There are big differences. Since the Newfoundland disaster scientists have been looking over their shoulders and research vessels, which carry out random sampling, now carry built-in precautions: commercial fishermen say this involves looking for fish in the wrong places and understating stocks.

Lunch with the FT

Endless life of busyness in the public eye

Lucy Kellaway meets Lady Howe of Aberavon

I had made a point of arriving early at Atrium, a tacky-swanky restaurant built inside an office block in Millbank, London. I was wearing a pair of scruffy boots which I was anxious to hide under the table before Lady Howe of Aberavon arrived.

I need not have worried. On the dot of 1pm a woman in an old black anorak made her way down the stairs. I barely gave her a second glance. Coat off, she turned towards me and revealed herself to be Lady Howe, complete with pudding basin hairdo and forbidding manner.

"It's not - as it were - my favourite eating place," she began. "It is somewhere I use because, inevitably, it is quicker to get to."

She cast an eye over the menu, a pretentious affair covered with foodie quotes from Oscar Wilde and Shakespeare, and made her choice swiftly. "I'll have calves liver as a main thing. I'll start with the soup. Nothing else looks sufficiently slight and small."

"One wouldn't like to lean on this table," she went on giving it a little wobble. "Could you...?" she commanded a passing waiter, who got down on his hands and knees and did something to one of the legs. She thanked him graciously. "Otherwise, it would have slightly put me out."

She ordered a glass of white wine and said, by way of explanation: "When I was doing my first ever *Any Questions*, Dick Crossman said, 'Before the crossman you should have one glass of sherry, and one glass of wine with your meal. And then no more.' She gave a tinkling laugh. "I thought it was sweet of him."

The idea that she might need

something to calm her nerves before lunch with the FT seemed improbable. She is more than used to being in the public eye: over the years she has served on countless committees, has been deputy head of the Equal Opportunities Commission, and is now chairman of the Broadcasting Standards Council.

Moreover, as a cabinet minister's wife Lady Howe was legendary. Tory ministers used to say that the reason her husband was so good at dealing with Mrs Thatcher was that he had already had 25 years' practice with Elspeth. And when he

'I'm from a generation which will never, never be recreated'

gave his resignation speech they said his wife must have written it. "I was so flattered that anyone could have thought that," she said to me much later, over the coffee.

But for now, I said I too would have a glass of wine, and found myself glad of it as I listened to a discourse on how working women have never had it so good. I heard about job sharing, life-time learning, portfolio jobs, part-time working, and about how women are making it on to company boards.

She rummaged around in the bag at her feet, pulled out a press release from Opportunity 2000 - the campaign for women in top jobs which she chaired - and read me some figures to prove just how things

have improved in the last year. "The FT ought to be a member of Opportunity 2000. Why isn't it?" she asked.

Barely waiting for a reply, she proceeded to tell me that the next challenge was to give job breaks for men, as they are spending more and more time with their children.

I started to say that the men I know do precious little child-minding, but she cut me off. I could see what a forceful chairwoman she must be. "There is a tilt in the balance, shall we say. I am quite impressed at my daughter's generation at how much the men help."

Apparently her daughter's husband, a vet, does a great deal about the house. I asked if her husband had given her any help. "Geoffrey was always very good with the children when they were young. He got up early, they got up early. My goodness, I did not like getting up early. He used to take them off swimming."

After that, his work took over, and he did less. "But I wasn't working then. It's quite different now. I'm from a generation which will never, never be recreated."

Lady Howe herself is one of a dying breed. On her view of the future, intelligent, ambitious women like her will not be professional battle-axes making things happen on a thousand voluntary bodies and quangos. They will be running Imperial Chemical Industries.

The waiter advanced with two heaped up plates: a mountain of brown lentils for her, and potato soufflés for me. "Gosh! Clearly in there is rather a lot of marvellous liver under there," she said as she dislodged a few lentils with her fork.

With some trepidation, I



Lady Howe: one of a dying breed. She has served on countless committees and is currently chairman of the Broadcasting Standards Council

Ashley Kellaway

raised the subject of the Scott report. "These things happen," she said briskly. "Frankly anyone who has been involved in politics knows that these crises come up. I went with Geoffrey when he gave evidence. He made his position very clear and has stuck to it all the way through."

I said that the public perception is that Scott has tarnished Lord Howe's clean image. "How people perceive things is neither here nor there!" she said firmly.

I considered it unwise to press the matter, and asked instead if she had a secret love of meetings. With her various committee meetings, plc board meetings, school governors' meetings, charity meetings it is surprising that she has time for anything else.

"What a horrendous thought! Meetings are a method of getting things done. If it's just a

talking shop I'm not interested."

She told me that what really appeals to her is winning an argument over time, and once again we found ourselves back discussing the improved plight of women and how that argument had been won since her days at the commission 20 years ago.

By this time I had finished my potato and discovered some sea bass underneath. She had not done quite so well. "Lovely," she said, as the waiter took away her half unfinished plate. "I'm going to have coffee - black."

Shifting the conversation to her job at the Broadcasting Standards Council, I inquired if she actually likes television. She hesitated for a while. "There are some wonderful things on telly. Like what? I asked.

"Oh!... It goes back a

bit... But I do love *Yes Minister*. It's so funny." She also likes a comedy called *Birds of a Feather* - "very low brow stuff," she explains - and the wildlife programmes. "If they had had those when I was growing up, perhaps I would have liked biology."

Does watching all that sex and violence for her job bother her? "I'm there to see how worried others are," she reminded me. But how distasteful does she, personally, find all that sex, I persisted. "Um, ah, up to a point it's fine. There's always the embarrassment factor..."

Out came another press release, and more statistics about viewers' complaints. Lady Howe was proving difficult to pin down. I wanted to know about her, she wanted to tell me about her job.

We start to discuss her social life, which turns out to be almost fuller than her profes-

sional life. Last night, she told me, she and Geoffrey went to a function. "I went because I wanted to hear Bob Runcie - he's a friend - talk about his latest trip to China. Then tonight for the first time in ages I'm going to have to wear a long dress for a white tie dinner. It's a lovely thing."

Will you hate it? I asked. "No-no-no. There are very few things that once you arrive you don't enjoy. If you are interested in people they are fascinating anyhow."

After that they are off to their country house where they have guests for the weekend, a lunch party on Sunday and on Sunday night they will have her traditional bridge evening. "It's good to be able to let your hair down."

I try to imagine her in that condition, and do not quite manage it.

"I love cooking," she says.

"I've been trying to reconstruct something I did years ago when I did a cordon bleu cookery course. I found all my other menus, but I couldn't find the coffee praline mousse."

The only thing she regrets in this whirl of busyness is never having time to read books.

"I'm currently in the middle of reading Julian Fane's latest. I can't remember what the title is. He's a friend of ours, too."

In the course of the lunch Lady Howe had mentioned many of her friends - archbishops, broadcasters, novelists - all of whom seemed to be famous. For others this would be name-dropping. For her it is just the life she leads.

It was time to go. The waiter went to get our coats and handed me the black anorak. But she did not notice; she was greeting some people at a nearby table.

Religious militants who wage war by divorce

Raymond Stock on how Islamists are trying to impose their values

When an appeals court ordered a Cairo University professor to be divorced from his wife last June because it found his critique of the Koran proved him an apostate, only Egypt's powerless literary community protested. The couple, Naeem Hamid Abu Zayd and his wife, Ibtihal Youssef, fled abroad, fearing for their lives.

The Abu Zayd case is part of growing legal moves by Islamist militants to impose their values on Egypt, the most influential Arab state.

How Egypt handles this new phase in the war between the militants and a society that they consider ungodly - a war that has claimed more than 1,000 lives in the last four years - will be carefully watched throughout the Middle East and the Moslem world.

The new courtroom trend has already drawn anxious comment in the Egyptian press, and attention worldwide. Sheikh Yusuf al-Badry, the bearded, flamboyant former member of parliament who led a team of lawyers against Abu Zayd, is a key figure in this trend. In December, al-Badry won another victory against a supposedly secularist writer.

Mahmoud al-Tuhami, managing editor of the weekly magazine *Ruz al-Yusuf*, was sentenced to two years in jail for an unsigned article which accused religious militants of trying to achieve in the courts what they had failed to get by violence.

El-Badry has also won a third suit, this one against film producer Badr Shubhi, who was given three months' jail.

These cases further depressed Egypt's normally gloomy secularist intellectuals, but still the government, which has reason to fear any Islamist victories anywhere, failed to stir. That changed when, in late January, al-Badry reportedly warned that he might boost his campaign to an all-out crusade.

The magazine *al-Musawwar* quoted the man his critics call the Sheikh of Takfir (*takfir* means to charge someone with unbelief), as claiming he might file suits for the divorce of 84-year-old Naguib Mahfouz, the Arab world's first and only

Nobel laureate in literature, and more than 40 other writers and artists.

Mahfouz's near-fatal stabbing by Islamist militants in October 1994 turned him from a symbol of Egypt's creative prowess to an unwilling icon of the state's struggle against the extremists. That he cannot leave home without guards since the attack underlines the government's fear that he remains an important target.

But, in spite of the murder of anti-Islamist campaigner Farag Foda in 1992, armed intimidation has not worked. Suddenly, whether by coincidence or not, Moslem militants seemed poised to take Mahfouz, whom they condemn for his 1959 novel *Children of the Alley*, and an unprecedented number of allegedly anti-Islamic cultural figures to court.

Al-Musawwar claimed that al-Badry is preparing files against the writers and artists for possible divorce suits under the much-debated doctrine of *hishbah*. Under *hishbah*, a member of the Moslem community can be taken to court for alleged violations of religion, including apostasy. If convicted of apostasy, the defendant can be divorced from any Moslem wives: a Moslem woman cannot be married to a non-Moslem.

Yet *hishbah* cases were thought banned in Egypt after the abrogation of the *sharia* (Islamic law) courts in 1955 at least until the Abu Zayd case. El-Badry's alleged threat (which he has since denied) against the grandfatherly, highly popular Mahfouz, and the possibility that scores of other cases could make the Egyptian legal system the venue for a modern Islamic inquisition, jolts the government of President Hosni Mubarak. Days later, on January 29, a new law requiring that *hishbah* divorce cases pass through the attorney-general's office was approved by the People's Assembly.

This could be called "the Naguib Mahfouz law". Just before its passage, a column in the semi-official newspaper *al-Akram*, which each week features an interview with Mahfouz by writer Mohamed Sahnawy, focused on *hishbah*. Sahnawy, a well-known jour-

nalist and playwright, tearfully described the elderly Nobel Prize winner's dread of spending his few remaining days defending himself in court. "I who have not entered a court in my life," Mahfouz said.

Yet, though the law may have saved the internationally famous Mahfouz from prosecution for divorce, it apparently does not protect him or others from being sued under *hishbah* by private citizens using other civil or criminal laws. At most, by taking the right to sue for divorce under *hishbah* out of the hands of individuals, the law imposed but limited political

The concept of *hishbah* is the most controversial idea in the current wave of Islamist lawsuits

control on what many had called "the *hishbah* chaos". Indeed secularists say the existing law is worse than none - it actually recognises *hishbah* as a valid legal principle.

Visited at his home in the Cairo suburb of Madi, in a room dominated by large, framed quotations from the Koran, al-Badry said that he never intended to sue Mahfouz. "This was an absolute fabrication - false news - by the editor of *al-Musawwar*," he said. The issue, he said, "will be tried in court, God willing". A genial man of 57, al-Badry hardly seemed a fire-breathing inquisitor in person, although he was chillingly satisfied that Abu Zayd is an apostate who deserved his imposed divorce.

He also called on Mahfouz to repent by burning his offending books. Whatever al-Badry's true intentions towards Mahfouz and the other 40 potential targets, he had already launched proceedings against a number of supposedly secularist writers, journalists and film stars before the *al-Musawwar* article

appeared. Of these, al-Badry said that only the Abu Zayd case invokes *hishbah*. The rest are under civil and criminal laws.

Among the 40 on his reported list was the actress Yousra. However, two other Islamist lawyers have already taken her to court in the Delta town of Damanhour. They accuse her of appearing scantily clad on the cover of a cinema magazine. The picture was reportedly a still from one of her movies.

The concept of *hishbah* is the most controversial factor in the wave of Islamist lawsuits. El-Badry claims that it is based on the Koranic injunction to "command the good and denounce the forbidden". But Said al-Ashmawy, former chief judge of Cairo's criminal courts and a sharp critic of the Islamists, replied that neither the word *hishbah*, nor the idea of taking those who deviate from the religion through their writings to court is found in the Koran or the *Hadith* (sayings of the prophet), which are the sources of the *sharia* (Islamic holy law).

Hishbah, and the broader legal campaign against Egyptian intellectuals, has come a long way. But a backlash campaign has started, with countersuits. However, the new law came too late to help the self-exiled Abu Zayd. Hearings on his case started before the Court of Cassation - whose prosecutor supports the Appeals Court's ruling for divorce - last month. Even if the divorce is overturned, it is unlikely that the couple, having once been deemed illicit and the husband an apostate, will ever again feel safe in Egypt.

Perhaps the shrewdest reply to the threat of divorce by *hishbah* comes from Mahfouz's wife, Atiyah Ibrahim. "Tell those who would use the courts to drive a married woman out in to the street, that they had better be prepared to pay \$30m in compensation for each case," she said.

The new law, she noted, provides nothing for the woman divorced against her will. ■ Raymond Stock is writing a biography of Naguib Mahfouz for publishers Farrar, Straus & Giroux, New York. He lives in Cairo.

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1100 YEARS IN THE HEART OF EUROPE

FOOD AND DRINK

Paul Prudhomme, the New Orleans chef who has revived the reputation of southern American food, cooked recently for 49 first- and business-class American Airlines passengers flying from New York to London. Michel Roux and Raymond Blanc, the UK's Michelin-starred chefs, have done the same for BA and Virgin passengers respectively.

Prudhomme's menu - sevruga caviar and blinis, Gulf shrimp salad, blackened beef fillet and pecan pie - brought compliments and a realisation of the difficulties. "The sauces change in the sky because the oxygen balance is different," said Prudhomme.

Tastebuds change, too, as does susceptibility to alcohol. I would selflessly have put myself through a caviar and shrimp champagne tasting at 33,000ft to test Prudhomme's claim, but the challenge to feed passengers well has always seemed to me to be at the other end of the economy section - end of the aircraft.

Over the next year, BA will feed 400,000 first-class long-haul passengers and 10m long-haul economy passengers. So, instead of a chauffeur-driven

limousine to Heathrow, I took the Tube via Hutton Cross to a windowless room where 20 BA catering and customer service staff squeezed around a table to listen, discuss and taste menu ideas for the next 12 months.

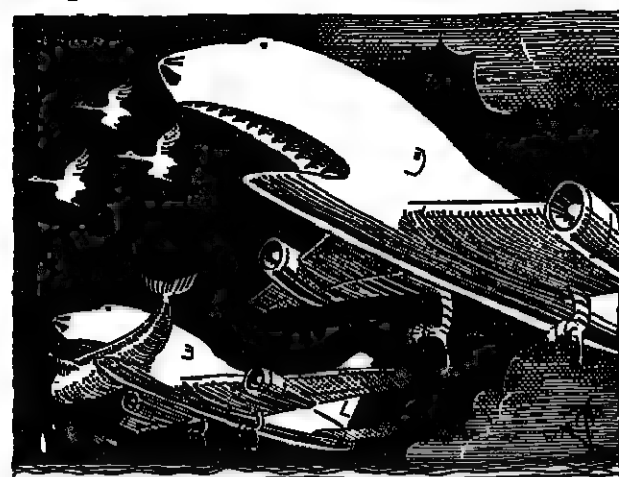
The speaker was Shaun Hill, a chef and food consultant who combines good taste with humour and common sense. Hill had brought several dishes from his restaurant kitchen which we tasted before moving on to sample a range from the 3,000 meals being prepared that day in the BA kitchens.

Hill's dishes conveyed strong, robust flavours to counter the diminished taste buds. The food's appearance, even on an airline tray, was important. He prefers fewer, bigger dishes for his aircraft meal and so had concentrated on food that could be braised

to solve the problem of passengers' preferences for meat cooked pink, medium or well-done, options airline ovens cannot deliver together.

Hill chose three starters: chicken liver mousse with sultanas soaked in grapes; small leeks wrapped in Parma ham with lentils; and a salad of asparagus tips and prawns. His three main courses were: braised loin of lamb stuffed with capers and served with a potato cake; monkfish with braised vegetables and new potatoes; and duck breast, steamed for 2½ hours, its skin crisped and served with braised lentils (a dish Hill was so pleased with he has now put it on the menu at his restaurant, The Merchant House, Ludlow, in Shropshire (Tel: 01584-875438)).

Sheena Lanaghan, chief buyer of BA's raw ingredients, shared my enthusiasm for these dishes but thought about them in a very different way. In economy class, or World Traveller, as BA calls it, Lanaghan pointed out that the meal is more than sustenance: it is diversion, entertainment



and part of the ticket price that almost everyone has paid for individually rather than corporately. It is something to enjoy to the full.

She felt that although so much thought and money went into pampering first and business class passengers, it was sometimes mere window dressing. First- and business-class passengers invariably wanted to work except, perhaps, for a brief snack. This was why the introduction of a pasta bar in first-class had proved so popular.

The maximum cost of each World Traveller meal tray is £2.10 and every penny over this budget means a loss of £30,000 a quarter. Yet cost is not the only constraint on menu composition.

Chicken and beef are invariably offered because lamb is unpopular with American travellers, pork unacceptable to Moslem and Jewish passengers, veal is politically unacceptable and duck - until Hill's recipe - does not rehearse well in mid-air. Alcohol in any of the dishes is also a problem on

routes over the Middle East. One potential boycott was averted by the withdrawal of a champagne truffle from an in-flight meal.

"Fish is even more difficult," continued Lanaghan, "and I am still looking for a successor to Chilean sea bass. I discovered this a few years ago at the Boston Seafood Fair in the US and it met all our criteria: a firm flesh that can stand reheating, great flavour and a good price."

"We put it on all our menus but it was so popular and then so quickly copied that it is now over-fished and consequently unavailable. We're looking at catfish, black grouper and Nile perch but for the moment it's salmon or halibut."

Another interesting problem for BA is the peanut dilemma. Peanuts, given away with the pre-meal drink, are a popular snack but, such is the lobbying

from those suffering an allergy to peanuts, that BA has imposed a strict peanut policy, banning them - other than in satay sauce and as a raw snack. (At one stage in this controversy, The Sun newspaper ran a front page headline entitled 'BA grounds its nuts!') What Lanaghan and her colleagues dream of is a simple welcome restaurant-style offer with good bread and butter that is easy to spread. "But we haven't the space to heat up 250 rolls simultaneously and we don't want to serve anything other than butter."

"We were terribly excited when Anchor introduced spreadable butter and we immediately asked them to supply us with individual packets but there was a chemical problem and it seems it just can't be done."

Hill's dishes have yet to be adopted and his feeling is that it will be the duck that will be served at 33,000ft. As competition between national airlines intensifies, it is likely that advising airlines may prove as fruitful an outlet for today's top chefs as writing books or opening super-markets.

Airline Eating

The snags of dining at 30,000ft

Nicholas Lander looks at BA's attempts to serve a better standard of food to economy class passengers

Wine Collecting

Pros and cons of buying the best

Is collecting fine wine worthwhile? "Collecting" usually means buying early to drink later, and to amass what might be called a "personal museum" of wine. Such wines are likely to be French because they clearly predominate, though they may also be from Germany, Italy, or elsewhere, including the New World.

The criterion for collecting is whether the wines are capable of achieving considerable added maturity and higher quality with age, the average minimum being about 10 years, although they may continue to develop for a further 10, 20 or more years. In general,

ets and bourgeois growths and, to some extent, to village red burgundies and rhônes. Unlike in pre-war days, when traditional wine merchants kept vintage stock for almost unlimited periods, they cannot do so now. And the merchants now cannot afford to re-buy bourgeois clarets or "village" red burgundies, once their initial stock has been sold, for re-buying past vintages of French wines is expensive. For they may well have to set aside cash for the next vintage - the 1971 after the 70, 83, after the 82, the 90, after the 88.

Such moderate-class wines will probably "come round" after, say, five or six years rather than 10, but they are still worth buying early to lay down. Most wines, particularly French, are drunk too early. Perhaps a somewhat subjective view is that buying with the object of re-selling tends to make the wines dearer for those who buy to drink. This happens particularly after a widely popular vintage.

A good reason for buying early for later drinking is that the wines will have come almost direct from the châteaux or cellar growers, but one does not know the state of a wine sold at an auction, although auctioneers do their best to ensure that the wines on offer are sound.

Many would-be vendors lack adequate cellar storage, whereas the buyers with the intention of drinking their acquisitions will probably be able to find rented accommodation with a traditional merchant. In the UK these may include Adamsons, Avellys, Bibendum, Corney & Barrow, Lay & Wheeler, Tanners and the Wine Society.

If practical, there is a good case for buying, on top of the original purchase, a further one to sell if necessary to finance additions to the museum-cellar. Alternatively, this might provide a reserve stock for the original acquisition. For if one always finds too many bottles of a wine that is disappointing, so one never has enough of a successful one. The mature wine collector may find himself popular among his wine-drinking friends.

There are those who believe that it is better to buy a few years later, but wines may be more expensive and not easily obtainable. This applies particularly to the lesser fine wines, such as the lower-classed claret

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superior red wines do not suddenly fall away.

There has always been some investment for profit by the consuming public, notably in first-growth clarets and a few red, white burgundies and rhônes. For the more general fine wine drinker, however, it is not until the 1980s that the Americans, in particular, rushed initially for these "futures". But because of inflation, in order to make a profit in real English money terms, they have to fetch at auction five times their original cost.

For the next big futures wine year, 1993, the inflation-adjusted cost is 2½ times the original price if the wines were bought or primed when first offered to the public. In previous years, some of the more expensive wines can now be found in half-cases of six bottles as well as the usual 12, thus reducing the initial minimum expenditure.

There are those who believe that it is better to buy a few years later, but wines may be more expensive and not easily obtainable. This applies particularly to the lesser fine wines, such as the lower-classed claret



As in life, so in food: zest and Mediterranean sunniness is concentrated in the cooking of Nice

Anthony Dean Picture Library

A vibrant cuisine, touched by the sun

Nicholas Woodsworth enjoys Niçois gastronomic sensations

The sensual Mediterranean character of the French is a tricky subject and one, I suspect, which shall never be fully plumbed by the northern mind. For one has simply given up all rational attempts at analysing the French aptitude for physical pleasure. What I do instead is go for lunch on the Cours Salaya in old Nice.

Surrounded by elegant, ochre-toned buildings, the market that stretches along the Cours is alive with noise, movement, colour and, above all, brightness - with its clear, sharp, translucent light the Mediterranean sun transforms everything it touches.

Stands of vegetables, stacks of cheeses, tubs of olives, squawking geese, busy shoppers, even idle café sybarites like me - all are lent a vibrant glow, a vitality not found in the greyer northern lands.

Sit at a restaurant terrace along the Cours, watch the world go by, and you will begin to get a feel for the life of this coast. And, as in life, so in food - somehow all these strong sensations, this zest and Mediterranean sunniness - is concentrated in the cooking of Nice. Basil, olive oil, garlic, anchovies - here, more than in any other regional cuisine in France, ingredients such as these entertain the senses, for a burst of flavour that enlivens the tullest palate.

But to discover the cooking of Nice, its varied origins and distinctive character, the sunny Cours Salaya restaurants are not the best place - there is too much distraction, too much cosmopolitan chic.

One must plunge instead into the dark shade of the narrow streets of *Vieux Nice* behind the Cours, where the simpler life of an old Mediterranean port still exists. Like the best regional cooking everywhere, the cuisine of Nice finds its roots in the everyday lives of working people.

With its simple furnishings and red-and-white checked curtains Acchiardo is not the most elegant restaurant. Its tables are where families come to eat and drink, to talk and relax at the end of long, hot days. Its stand-up bar is where local shopkeepers, old men with dogs, dustmen just come off night-duty, come to catch up on the quarter's gossip over a glass of pastis. It is as *Vieux Nice* as you can get.

Joseph Acchiardo, too, one of four generations of Acchiardos to cook in this restaurant - his grandmother used to wash octopus in the public fountain outside - is as *Vieux Nice* as you can get. And like the food he prepares, like the city itself, he is both French and not French at all.

up after lunch and getting ready for dinner.

"The Greeks, Romans, Neoplatonists, Sardinians and Sicilians, the kings of Provence and the House of Savoy have all ruled Nice at one time or another," he said. His own Piedmontese family has been in Nice far longer than the French, who only claimed the city for themselves in 1860.

Along the coast and the food changes. What binds the different influences together, what makes for the essence of Nice cooking, is an insistence on the use of local ingredients, used as fresh as possible and only in season.

Take, for example, the case of the celebrated *salade Niçoise*, a dish which today appears on menus worldwide. According to the citizens of Nice, it has become as abused and misunderstood as any salad can be, a mongrel dish into which corrupt chefs throw cooked potatoes, beans, string beans, carrots and just about any old thing they can find.

No *Niçois* worth his anchovies will put up with that for long. Here is Jacques Medecin, former mayor of Nice and himself something of a specialist in corruption - he has recently emerged from exile in South America and a stint in prison at home - protesting this heinous culinary injustice.

"What crimes have been committed in the name of this fresh salad whose base is tomatoes and which contains only raw ingredients... I beg everyone who wishes to insure the reputation of the cooking of this area never to put into a *salade Niçoise* the slightest piece of boiled vegetable nor the smallest piece of potato."

Quite obviously, the people of Nice take their fresh ingredients very seriously. Somewhat

less hysterically, Joseph Acchiardo told me that there are indeed Nice winter specialties - he favours a long-simmered and aromatic tomato-based tripe *a la Niçoise*, a *daube* - a red-wine-marinated beef stew served with ravioli, and veal tongue served with a piquant sauce of vinegar, capers, shallots and olive oil.

But the cuisine of Nice, he readily admitted, really comes into its own from the spring onwards, when a rich variety of fresh vegetables and herbs permits the cooking of light but highly flavoured summer meals.

It was just that early season and Monsieur Acchiardo, as well as filling me with a *soupe au pistou* - a rich vegetable soup fragrant with leaves of fresh basil, had filled me with curiosity. And so, helped by a growing taste for olive-oil based cooking - it is far more digestible than most northerners assume - I went exploring the back streets of old Nice.

The *Niçois* love to nibble, to tease their appetites between shopping on the Cours Salaya, strolling along the Promenade des Anglais, or drinks down by the port. Sometimes they are satisfied with a refreshing *pan bagnat* - a bread roll rubbed with olive oil and vinegar, then stuffed with slices of onion, tomato, radish, hard-boiled egg and tuna.

At other times they show a weakness for *tapenade*, a biting paste of anchovies and the tiny black olives of Nice, served on a piece of fresh baguette. Around the market a favourite is *socca* - a thin, heavily peppered pancake of chick-pea flour and olive oil.

But even when they sit down to more substantial meals the *Niçois* are fond of fresh, strong, individual flavours. When a good chef here makes a *ratouille* - a ragout of onions, tomatoes, courgettes, sweet red peppers and eggplants - he fries each vegetable separately before combining them at the end. Popular, too, are *fajats* stuffed, baked vegetables and *beignets* - slices of vegetables deep-fried in batter. The most exotic of *beignets* is the large white and yellow flower of the courgette fried in a crisp, golden batter.

A little exploration will take you into some very exotic territory indeed. One night in a tiny restaurant called L'Escalade, I screwed up my courage and tried *porchetta*, sucking pig stuffed with its own oil and powerfully flavoured with anise seeds. If that were not enough, dessert was a *tarte aux blettes*, a sweet, green tart made from leaves of swiss chard, raisins, pine nuts, pepper, sugar and Parmesan cheese. Both, surprisingly, were delicious.

My favourite dish from Nice, though, *stockfish*, has an even stranger origin and make-up. Anyone who has eaten "fiske" or any similar dried-fish dish on which the Scandinavians have visited their nightmarish culinary talents is forgiven their scepticism. I, too, was sceptical, and when chef Stephane Herrada at the Auberge des Arts said he made a tasty *Niçois* specialty from the cod originally brought here by Nordic traders, I decided to call his bluff.

Downed with a chilled bottle of local Bellet rosé, it was heavenly. With *stockfish* the chefs of Nice have achieved a miracle - they have transformed dried, salted, hard-as-board cod and made it their own flavourful, distinctive dish.

Perhaps it is not so surprising after all. To do so they use olives, garlic, thyme, laurel, fennel, sweet peppers and olive oil - some of the Mediterranean's most potent magic. The poor Scandinavians and their fish, unfortunate dwellers of a sunless, northern place, never stood a chance.

Appetisers Swift and smart

Lunches at London's top hotels are not only becoming more competitively priced, but also have realised the fact that speed matters - especially for today's business people.

Claridge's is offering a £29 three-course *table d'hôte* menu plus coffee and petit fours, and guarantees that it will be served in 60 minutes. The order is timed from the moment it is taken by *maitre d'hôtel* Daniel Asouline. Ring 0171-439 8890 for reservations.

■ Elsewhere in the capital, The Waldorf Restaurant, at The Aldwych, is offering a £30 two-course business lunch. If your meal does not arrive in 50 minutes of being ordered you eat free. Bookings on 0171-838 2400.

■ Does a dinner party for six for £60 sound a bargain? If you think so, you might be tempted to try a *Reef* dinner party kit. The main ingredients are sent to you in insulated boxes with ice packs by overnight courier, on a day to suit you.

Menu items are either ready to serve or pre-prepared and ready to cook. The March menu includes potted pheasant, a choice of meats including loin of pork with two stuffings (ready to cook), chocolate and chestnut pud with fromage frais, and Cornish yarg (a semi-hard cheese) with Orkney oysters.

Additional items can be ordered separately from a company which prides itself on using naturally reared meat - have you tried steaks from the Gloucestershire Old Spot pig? For details or orders, contact: Anne Peitch, Reef Farm, Kingsnorth, Kent, TN11 8JL. Tel: 01793 857 888; fax: 01793 857 889.

■ Finally, a British firm is ensuring that *sturgeon* will once again appear on British menus. *Fishes Aquaculture*, of Derbyshire, has been farming the fish in fresh water pools and expects to sell 25 tonnes of *acipenser gueldenstaedti* - the sort that brings us *Scorpa caviar* - this year. *Tasco*, the grocer, will be offering this delicacy at Easter.

Jill James

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can't be

What Lanaghan and her colleagues dream of is a simple welcome restaurant-style offer with good bread and butter that is easy to spread.

"But we haven't the space to heat up 250 rolls simultaneously and we don't want to serve anything other than butter."

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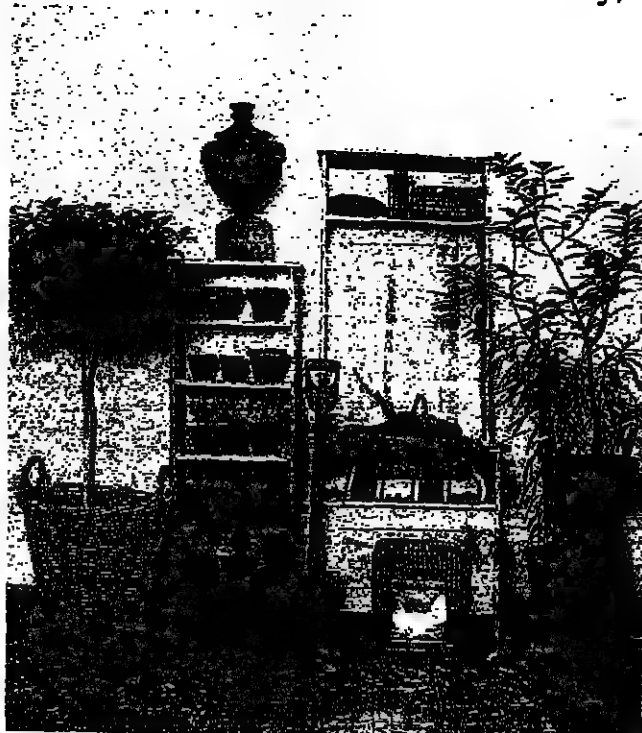
Where to

Where to

HOW TO SPEND IT

Paint your own wagon or be spoiled

Wooden it be lovely, says Lucia van der Post



Out Of The Wood's bookcase (£125) and single settle with shelf (£340)

It is some time since Jocasta Innes - the Della Smith of the paint world - reminded us all of the ravishing tricks that could be worked with paint. Her inspirational *Paint Magic* was a seminal book of the 1980s and launched large numbers of Sloanes into new careers rag-rolling, stippling, distressing and marbling.

Rejected, unloved pieces of furniture could be transformed into decorative objects that became the focal point of a room. Whole rooms and houses were to be changed from dingy interiors, lacking interest or flair into magical places which entranced the eye. The fact that some of them were invested with an ill-considered grandeur that did not become their modest origins mattered little if it gave their owners pleasure and kept the perpetrators gainfully employed.

All these decorative techniques were once widely used - as you will see if you manage to track down a copy of John Fowler and John Cornforth's entrancing and erudite examination of the subject, *English Decorations in the 18th century*. While it is perfectly possible - and a great deal of fun - to learn how to do-it-yourself (see the list of classes below), there are a few manufacturers who specialise in doing the decorative painting for you.

Fine painted furniture has a distinguished provenance - Swiss, Austrian, German and Italian antique pieces fetch large sums in the auction houses - but there are less grand pieces of painted furniture that are a little more affordable. Take Mark Rowan. An antique dealer of more than 30 years' standing, Rowan began to offer his own painted versions of furniture when truly fine antique pieces became increasingly difficult to find. He takes relatively modest pieces ("we would never deconstruct a fine piece by painting it") and turns them into something pleasing and decorative. Every piece he sells is individual though similar items

recur all the time. Before his pine chests, cupboards and armoires are painted they are meticulously restored.

He offers many different paint suggestions and is happy to take on special commissions. Although he cannot restore and paint customers' own furniture - "We are in the middle of Wales which is not where any of our customers seem to live so the logistics rule it out" - he will search for special pieces and then decorate them to precise colours and patterns.

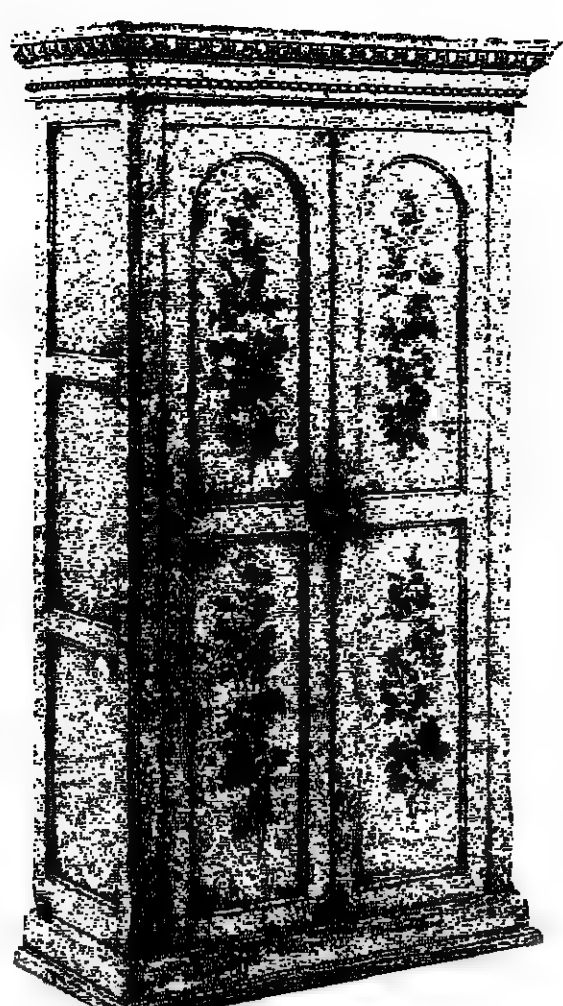
The armoire pictured here is one of his more highly painted pieces and is for sale at £1,950. Chests and bedside cabinets start at £235 if a design is painted on to the wood, but those fully painted start at £275.

Deacon & Sandys offer painted versions of fine oak furniture. Most of the furniture they sell is not painted - they are authentic copies of traditional oak pieces. Refectory tables (starting at £1,500 and going up to £3,500 for large, elaborately carved ones), four-poster beds (from more than £2,000 for the simplest and smallest to more than £10,000 for the largest and most elaborate), side tables, cupboards, specialist oak joinery and panelling are their main "bread and butter".

All are made in solid English oak according to 17th century traditions (no glue, all are pegged so they can be easily taken apart and transported) and they are much sought



Heavily decorated armoire from Mark Rowan, £1,950



Hand-painted English oak linen press, £2,000, from Deacon & Sandys

after. Now, however, Deacon & Sandys have just started offering a range of painted cupboards designed to be used in kitchens or as wardrobes or linen presses which has proved unexpectedly popular. Once again the painting techniques are authentic 17th century ones with soft, muted colours appropriate to the period. Prices start at £2,000 for a cupboard of the sort featured here.

If your tastes run to a fresher, more modern approach, Rhode Design sells wonderfully simple free-standing furniture and kitchens which have a strong echo of Shaker aesthetics about them. They can be supplied in plain MDF (medium density fibreboard, which is an easier surface for the amateur to paint than old pine) or painted in any of 18 plain colours. For a

jolly celebration of Independence Day, Rhode Design painted its New England wall cupboard (normally available at £75 unpainted and £95 painted) in a bright rendition of the Stars and Stripes.

Finally, Out Of The Wood does a range of furniture in MDF in mostly simple shapes and lines (bookcases, cupboards, chests, tables) which it

will paint to order. It does not go in for elaborately decorative designs so much as paint finishes. It aims to offer useful and affordable furniture but it is also happy to do special orders.

Prices range from £1,150 for a dresser finished in a simple paint finish to £95 for a bench. Write to Out Of The Wood for its brochure and price list.

Appetisers Swift and smart

London's...



Rhode Design's cupboard decorated with the Stars and Stripes

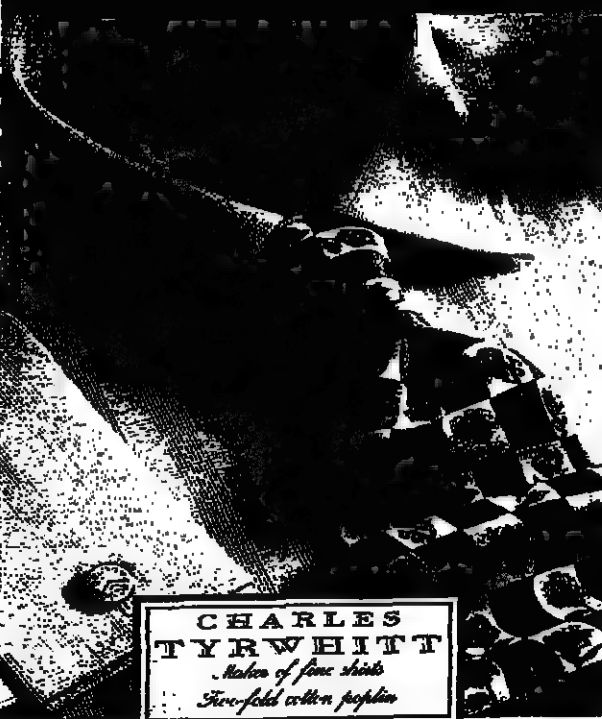
Where to find help

Mark Rowan, Garreg Fawr, Portllyth, Llanerdd, Cernmerthyr, SA19 8 NY. Tel: 01558-850478. Out Of The Wood, Rowan Cottage, Gascoigne Lane, Ropley, Hants SO24 0BT. Tel: 01962-773353. Deacon & Sandys, Hillcrest Farm East, Hawkhurst Road, Cranbrook, Kent TN17 3 QD. Tel: 01580-715775. Rhode Design, 55 Cross Street London N1 ZBB. Tel: 0171-354 9933. Paint Magic shops are at 34

Cross Street, London N1 (tel: 0171-354 4441); 116 Sheen Road, Richmond, Surrey TW9 1UR (tel: 0181-840 5789); 5 Elgin Crescent, London W11 2JA (tel: 0171-792 8012); 26 High Street, Arundel, West Sussex BN18 9AD (tel: 01903-883653). All four shops run courses in paint finishes. There are one-day (£75) and two-day courses (£139), and also a special two-day course which takes the would-be disciple

through stripping, sanding and painting. They also run a two-day course in water and oil gliding and other metallic finishes and, finally, there is a five-day Becoming a Decorator course for £250 - worth it if you have a lot of furniture and walls that need transforming. Ring 0171-354 9933 for details. 'Paint Magic' by Jocasta Innes is published by Frances Lincoln at £19.95.

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Soft shoe shuffle

Who needs loafers with smart labels when you can have a soft-as-butter pair of deerskin moccasins made in Scotland? Jeremy Law uses the skins of deer which have been culled from the forests and parks of northern England and Scotland and he turns them into some of the most comfortable of shoes. The skins are dyed to a warm russet colour, the finishing is done by hand and they are hand-laced like North American Indian-style moccasins. There is a flexible rubber sole and an adjustable drawstring to help the shoe fit properly. Though they are sold as what Law calls "robust house-shoes" and make perfect driving shoes they can be worn outside provided you are not heading for the hills and moors and the weather is dry. The moccasins are sold by mail, in sizes 8-12 (no half sizes) for £22.95 a pair, which includes insurance, postage and packing. Write for a free brochure from Jeremy Law of Scotland, City Hall, Dundee, Perthshire PH8 0AR, tel: 01360-737665.



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OUTDOORS



Fair Filzmoos: where in France would you find such a pretty resort?

Skiing

Skiing around a picture postcard

Arnie Wilson samples a winning formula in Austria but finds hoteliers wondering where the visitors have gone

The old green sleigh that is now a table is heaving with a skiers' feast: huge cheeses, cold meats, marinated halibut salad and six slices of *Bauern Brot* (farmers bread). A delicious banana and chocolate cake is perched on the next table.

All this is merely an après ski snack. A five-course dinner will be served in about three hours.

Like so many Austrian hotels, the four-star Kohlmaier hotel in Obertraun is full of nice touches: nooks and crannies festooned with dried flowers and coloured ribbons, a huge chum pot filled with bonbons, a model chalet and church with cotton wool snow on their rooftops, and stained glass windows bathed in the glow of early spring in the Tauern mountains.

When it comes to picture-postcard ski villages and snug and spotless hotels, no one does it better than the Austrians.

French resorts may provide bigger, more dramatic can-

vasses, but purpose built apartments do not score highly for charm. The Swiss can be relied on for old-money quaintness and creaky floors in grand old buildings, and the Italians for style and succulent mountain food.

But with two major exceptions - Draconian telephone bills and dim lighting in the bedrooms (40 watt bulbs seem to be the norm) - the Austrians are hard to beat in the quality ski hotel market.

Austrian cuisine may still sometimes be an uncomfortable mix of cordon bleu and stodge, but, as in the US, the food is becoming far more sophisticated.

The ubiquitous greeting of "Liebe Gäste" (dear guests) counts for a good deal. Which is probably why British skiers keep coming back.

But they are returning in smaller numbers these days and the Austrian hotel trade is anxious. Many hoteliers upgraded their two and three star hotels to four stars in the better days.

Now that Austria, like Swit-

zerland and France, is expensive to British skiers, affordable two and three star hotels are few and far between. Wealthy Russians and a sprinkling of Poles are turning up in almost every Austrian resort but not in anything like sufficient numbers to replace the

Wealthy Russians and a sprinkling of Poles are turning up all over Austria

missing British. For those who do still come, the Austrian formula works. If you are obsessed with skiing from dawn to dusk, covering 30 or 40 miles a day, you can do that in St Anton as easily as in Courchevel.

Yet where in France would you find such a pretty resort as Filzmoos? It might not have dramatic skiing but with a car-

pet of fresh snow glistening in the Salzburgerland sunshine, conditions were near perfect.

A strong skier could visit all the Filzmoos slopes in a day or two, but there is more exciting action available at nearby Wagrain (half an hour or so by road), the gateway to the much larger Salzburger Sportwelt Amade. From here you can ski to Alpendorf, St Johann im Pongau and Flachau.

My guide there was Rudi Huber, director of the main ski school at Wagrain. In the vain hope that I might be able to keep up with him, Huber lent me a pair of longer skis from his sports shop.

It made little difference. Huber skied like an Austrian champion: pistes and people flashed by at breathtaking speed. Only later did I discover that he had once been an Austrian champion.

There were compensations, however. Not only did he buy me lunch but he also opened up the VIP gondola on the recently installed Flying Mozart lift, sitting me in the plush white circular leather chair

and serving me champagne.

Then he strung a metal chain across the door so that we would not be gate-crashed by skiers queuing to enter the other gondolas. I felt suitably smug and the look on the other skiers' faces was a picture. For Sch200 each (about £18) they could have joined us.

My next stop, Obertraun was made famous by The Beatles, who filmed part of their *Help!* movie there in 1964. It is a windswept but snow-sure sort of place - essentially a collection of hotels, restaurants, bars and ski schools, strung out along the summit of a mountain pass. It was originally built by the Romans as a route through the Tauern mountains, between Venice and the salt mines of Salzburg.

Since the "de-regulation" of Austrian ski schools in 1988, an absurd number of independent ones have sprung up: seven if you count the two snowboarding schools. If were you to remove six of them and leave just the original, you would substantially reduce the size of the village.

My guide during a circular tour of this rather bleak area was Didi Winkler of Club Ski Austria, also known as the "smiley company".

The best smile of the day was sampling the celebrated *Gamsmilch*: hot goat's milk, rum and chocolate powder, served by Walter at the top of the *Schneerkarussellbahn* cable car. On a good day he claims to sell 2,000 glasses. It is hard to believe that the seven overworked and overmilked goats down the valley at Twang could produce such quantities.

Preferring to use *Gamsmilch* rather than his real surname, Walter also claims to be the fastest man to ski backwards: 70kmh is his top speed, or so he says. But that can probably only be achieved after numerous glasses of *Gamsmilch*.

Arnie Wilson's visit to Obertraun and Filzmoos, where he stayed at the *Unerhof* hotel, was organised by Ski Inghams, 10-18 Putney Hill, London SW15 6AX. Tel: 0181-730 4444. Inghams has already launched an *Earlybird* brochure for next winter.

Fishing

Memories flood back by the millpond

Tom Fort revisits a spot on the Thames that he last fished as a boy

The beauty of one bridge, among the loveliest on the Thames, has been tarnished by the metal supports clamped to the soft red brick of the arches. The traffic, thundering ceaselessly over the water, has annihilated the peace.

The mill where the grain was ground is now a neat little theatre. And the millpond, which used to foam with nourishing waste from the milling, is still and silted.

It is a story of our times. The odd thing is that the magic in my memories of boyhood fishing at Sonning, Berkshire, survives. But it does, and in considerable measure.

It was a place of formative experience, against the tumult of the grindstones and the water that rushed from them. That flow of food sustained a great population of chub and barbel and lesser species; and on the lesser species preyed the greater, the pike and perch. We would cycle there through the grey dawn mists, and the rising of the sun would find us ranged along the metal parapet over the mill stream.

What masses of lead we left there, with hooks and drowned worms. Often the entire morning seemed to be spent in yanking fruitlessly against some tree or boulder, or in re-assembling the tackle. Sometimes, though, we would catch a decent chub or barbel - sufficiently often to sustain hope, but not illusions of mastery.

We met a master once, an ancient on a stool. Fishing from the far bank, which was out of bounds to us, he commanded that deadly hole where the mill stream met the main river. At his feet was a sackful of barbel which had been dragged from the depths through the hours of darkness. The spectacle of this great catch of fish rather disoriented our minds. We vowed to do the same as the ancient and, since we could not fish where he had, desperate measures were called for. We borrowed a punt, which was kept on a Thames tributary many miles from Sonning. It took us to the best part of a day to get there and, having done so, we found our anchor was incapable of holding the boat still.

We spent a harrowing night being swept downstream and paddling up. I caught the only fish: a contemptible silver bream 5in long. The journey home on the following day was a taxing and tenuous affair, and the experiment was not repeated.

Sonning was also a grand place for pike although, as with the barbel, the chasm between promise and achievement was wide. I remember one great day when we had half a dozen on herrings from the eddy below the mill

bridge. And, later, we found a giant underwater cabbage patch, just up from the red brick bridge, from which the pike would explode to seize a gudgeon or dace trailed artfully over the heads.

All this belongs to the fairly distant past. Time moved on. Th mill closed, fly fishing elbowed aside the boyhood love for the coarse fish and, for more than quarter of a century, I did not fish at Sonning. But I did not forget for I crossed those bridges at intervals and, each time I did, it all came flooding back.

So, I needed no persuasion when my friend Edward Barber, who makes split-cane rods, suggested an expedition. In the years I had been away, he had continued to fish there. He filled my head with stories of logghead chub and strapping barbel from the weir upstream from the mill. But when we finally met by the French Horn, it was March and the quarry was pike.

Actually, and very properly, it was not so much a serious fish-catching exercise; more like a saunter through the grounds of your old prep

We spent the night being swept downstream and paddling back up

school, or the leisurely re-reading of a favourite novel by Trollope. Safe and snug in Edward's boat, we scudded past the spot where the ancient harvested the barbel, past the lifeless mill pool, under the footbridge from which my brother had once done brief and disastrous battle with a monster pike.

Edward rowed by under the red brick bridge. The cabbage patch, although still there, was not really fishable because of its collapse into a tree that had probably not even been a sapling in those distant times. We went up to the little weir near the lock. I caught one very small pike and Edward another, even smaller.

We agreed that the lower weir looked about as deliciously promising a place for a barbel as any we had ever seen. Below it, I caught a smother of a Thames pike: eight fat pounds of olive, cream-flecked flanks, mean, toothy head and muscular tail - an absolute picture.

That was enough, really. Lord, what a rich stew of memory was heaped by those few hours. The past came alive and, with it, an absolute determination that there should be a future, too.

Motoring

Six bodies - one set of bones

Stuart Marshall goes to Spain to test drive the ground-breaking Renault Megane

I f ever a car was planned to be all things to all people, it has to be the Renault Megane. The concept of building six cars, completely different in body shape but using the same chassis platform, engines, transmissions and suspensions, breaks new ground.

At present there are only two Meganes: a five-door hatchback and a two-door coupe. Within two years, there will also be a five-seat MPV, a four-door saloon, a cabriolet, and a four-door estate car.

The Megane replaces the Renault 19 and promises to be even more successful. Three million 19s were produced in an eight-year life span: the target for the Megane is 4m.

Already, 100,000 have rolled off the assembly lines in Douai (France), Palencia (Spain) and Haren (Belgium) for left-hand drive markets. Right-hand drive Megane five-door hatchbacks arrive in Britain early next month, followed in May by two-door coupes.

Renault has been doing well in the UK. Its sales and market share have risen steadily during the 1990s. So has the marque's reputation.

It all began when the launch of the 19 was deferred until

management was convinced it could look rivals like the VW Golf in the eye for build quality, refinement and durability. In the past two years, the Laguna - one size up from Megane - has done so well that it was poised as the best upper-medium class model in Britain's largest car quality survey run by Ccnahat Insurance. Interestingly, the survey also showed European cars generally are matching Japanese makes for customer satisfaction these days.

A confident (Renault UK is pitching the Megane headlong into the most competitive segment in the British market, where cars of its size and price account for one-third of all sales. Its main competition will be the Ford Escort, Vauxhall Astra, Rover 200, Peugeot 306 and VW Golf.

Beyond argument, the Megane is a very good car. The right-hand drive hatchbacks and coupes with a variety of engines which I sampled in Spain last week performed as well as any rivals.

There are, of course, lots of good cars today and a bare handful of duds. But, significantly, the Megane's whole-life running costs are forecast to be the lowest in its class.

This, partly, is because pricing is keen - the cheapest 1.4e Megane hatchback is £10,690.

But insurance groupings will also be lower than those of its competitors because Renault, working with the UK insurance industry, has made the Megane cheaper to repair. Such expensive-to-replace bits as engine management systems have been located where they are less likely to be ruined in a severe collision.

So, a 1.4e Megane hatchback is in insurance group four -

the same as a Mini 1.3. (An Escort 1.4L is group 5, a Rover 214 SL group 8. The coupes are easily lowest in their sector: an £11,855 Megane 1.5-litre group 5 rating compares with an equivalent Honda Civic or Vauxhall Tigra coupes group 11.

There is a choice of petrol engines for the hatchback: 1.4-litre, 75 horsepower; 1.6-litre (90hp) and two-litre (115hp). The diesels offer 1.9-litre (65hp) and turbo-charged (95hp) power plants. None is multi-

valved; Renault believes there is no point paying for such complication unless it is really needed.

Megane coupes come with the same 1.6 and two-litre engines as the hatchback, plus a 150hp, multi-valve two-litre for performance freaks.

A silky, five-speed gearbox with feather-light clutch is standard and automatic transmission is coming soon, although for petrol models only. Diesel buyers will be offered a two-pedal model with the normal gearbox but an automatic clutch.

Following the pattern set by the Laguna, there are three trim levels: RN for entry models, RT for the mid-range and RXE for the posh ones. The Megane, although roomier inside, is slightly shorter than the 19 but has a longer wheelbase and wider track.

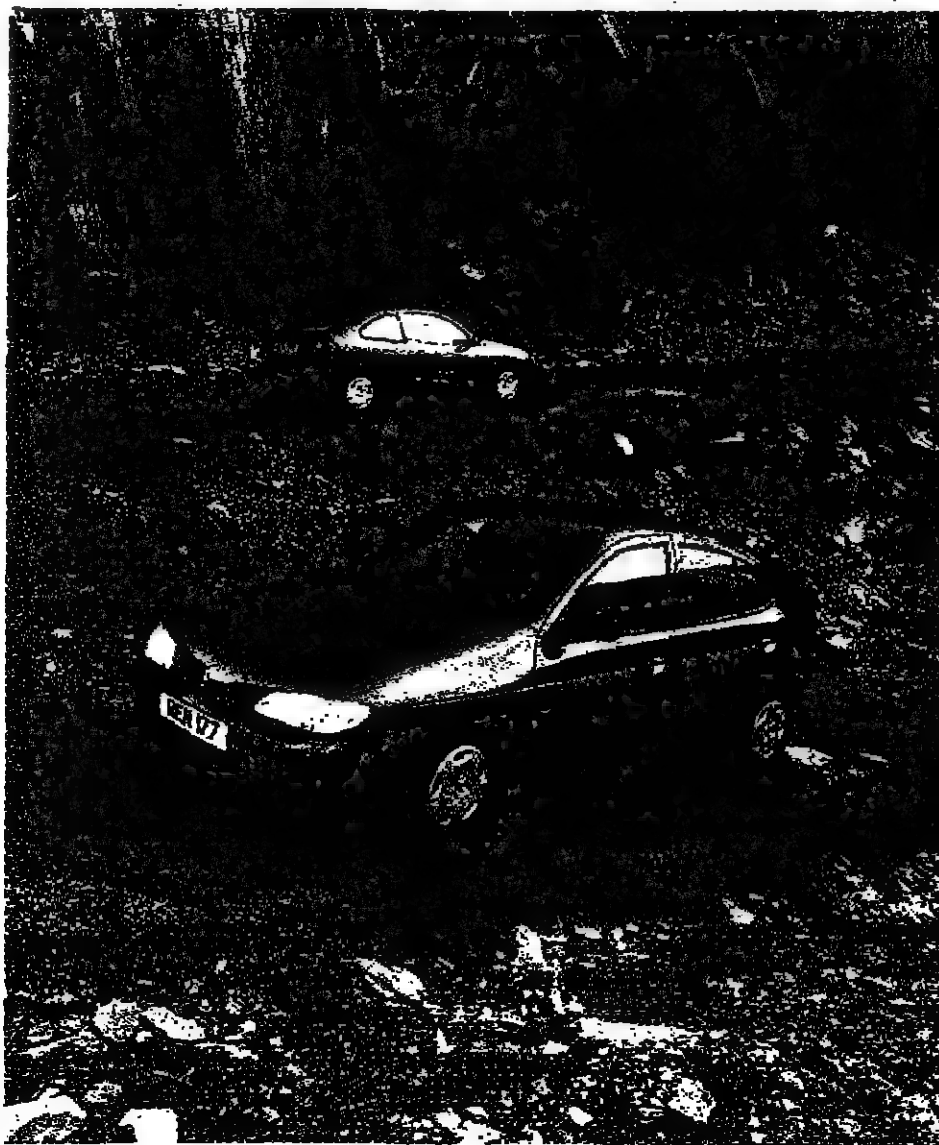
By the standards of 30 or more years ago, Spain's main roads are now unbelievably good but, if you go looking for them, the old kind full of pot-holes and patches can still be found. The Meganes rode these with the buoyant comfort of a much larger car. On the sweeping curves and gradients of the N435 (Huelva-Badajoz) highway, a 1.6-litre hatchback stuck to the smooth asphalt with superglue security. The young women and

empty-nesters who are expected to be the main buyers will find that the coupes take very good care of them. Families who will go for the hatchback will find its ride even better.

Every Megane has power-assisted steering, remotely controlled central locking with engine immobiliser, driver's airbag, and fingertip radio controls on the steering column. The seats provide the right mix of softness and support.

My favourite model? At present, the £11,855 hatchback with a new 1.6-litre petrol engine: it was a vigorous but refined performer. My least favourite? The £16,450, 16-valve, two-litre coupé. Its silver instrument dials looked sporty and it was a great little goer, with pin-sharp handling. But it was noisy when extended and thumped its ultra-low profile tyres on less than perfect surfaces.

At present, the only diesel is the 1.9 non-turbo, which is smooth and refined but not for the impatient. If the Renault 19 turbo-diesel I am now using is anything to go by, my favourite Megane - available later in the year - will be the £14,285 RXE 1.9 TD with air-conditioning. The 19 goes very well and the Megane TD will have similar muscle. But better engine mountings will make it smoother still.



The Renault Megane five-door hatchback (front) is for families, the two-door coupé (rear) for empty-nesters

دری نیل

FASHION

And the Oscar for best dressed goes to . . .

The Academy Awards is a grand occasion for wooing customers and showing off designer wares, says Marion Hume

Monday night is "Oscar" night in Hollywood. But as the stars enter on the red carpet the forms of attention will not be on their chances of winning an award, but on what they are wearing.

As Uma Thurman proved last year, the Oscars are now every bit as much about winning on the fashion front as winning in the movie stakes. Although Thurman did not win an Oscar, it was her soignée appearance in a Prada lilac chiffon gown that moved the actress at a stroke from upper B List to absolute A List.

The Academy Awards have become the greatest fashion show on earth, a frock-and-film telecast watched by more than 100 million. Smart designers realise that this fashion parade is more important than any catwalk show they might stage in Milan, Paris or New York - especially when it comes to the all-important reinforcement of brand names applied to perfume and cosmetics.

Years ago it was the studios that planned what the stars wore: Hollywood's own couture designers came up with gowns designed to make the stars look even more glorious under the glare of the lights. The decline of the studio system put stars into a sartorial freefall which reached its nadir when Whoopi Goldberg appeared in a blue damask all-in-one pant suit (never an easy garment) worn under a purple ballgown lined in citrus green.

Alternatively, it could have been when Kim Basinger donned her own design - a white gown of which half the jacket appeared to have been snapped off by a passing shark. No wonder Hollywood was so keen to embrace Giorgio Armani who realised a decade ago, way ahead of the rest of the pack, that help was needed.

Now, every guest attempts to be glamorously dressed. That adds up to 2,500 people, including the nominees and their escorts, agents and publicists, the presenters, plus those of the Academy's 5,500 eligible members whose tickets have been allocated by lottery. Then there are the "Trophy Girls" who carry the Oscars on to the stage and escort the winners off it, plus 150 "seat fillers" whose role it is to park themselves in any seats that become vacant while stars nip to the loo or go for an illicit cigarette. Their dress code is strictly black tie.

Add to that the television crews with their glamorous anchors, women, and the legions of workers, some in smart suits and many more in 68th Academy Award sweat-shirts, sold to them at about \$30 each.

With two days to go until the stars tread the 300ft red carpet, many will still not have decided what to wear. And designers will still be keen to woo them. There will be plenty of options for the stars: the trunks of dresses sent unsolicited and "on spec" care of their agents, personal stylists or publicists; plus the racks of gowns by designers they have indicated they will "consider".

Then there will be the custom-made gowns, made especially for an individual star. It is not unknown for that star to have a last-minute change of heart. And it

Whoopi Goldberg wore a blue damask all-in-one pant suit under a purple ballgown lined in citrus green

is not unknown for designers to courier the glittering result of hundreds of man-hours only for it to arrive after the star's limo has left for the awards. Los Angeles-based designer Richard Tyler once stitched last-minute alterations en route.

As well as those wooed by couturiers, there are others who go shopping - the producers, the agents, the guests of the nominees, the Hollywood wives who do not get given clothes. In the smartest Los Angeles designer boutiques and stores, including Maxfield, Barney's and Neiman Marcus, there is "panic". "We stay open all day Sunday and still get people in on Monday morning," said Fred Hayman, whose anonymous store is the glitziest of all.

Tales of designer largesse to the stars is well known. But LA insiders say that for every dress Armani gives, he can expect to sell at least five more in LA alone at prices reaching \$20,000 for a beaded gown.

As for tuxedos at around \$2,500 a time, he can hardly supply demand. During the awards season, Armani's LA boutique sells hundreds, pulls in more from its stores across the US and still cannot guarantee any but the most uncommon sizes will be available at the last minute.

No one knows for sure who is going to wear what until the stars step out of their limos. Mel Gibson, whose *Braveheart* is up for best picture and best director, is expected to wear Armani. Tom Hanks, who will present the award for best actress, may wear Valentino. But as he asked a global television audience in 1994: "You know how many people I offended by not wearing their tux?" (Eight were delivered to him.)

Sir Anthony Hopkins has been lucky before in a Cerruti tux and is likely to wear another with the same label. As is fellow best actor nominee Sean Penn. Ralph Lauren, Richard Tyler and Dolce & Gabbana each has a healthy slice of the tux market. Brad Pitt is expected to wear Prada.

Pitt's girlfriend, the actress Gwyneth Paltrow, may well wear Calvin Klein, now a forceful player in the Hollywood frock stakes. Rumours that she may be asked to appear in a Calvin Klein advertising campaign may persuade her. Elizabeth Shue (nominated for *Leaving Las Vegas*) is unlikely to let anything come between her and a custom-designed dress by Klein; one of her best friends is Elizabeth Rogers, his LA-based publicist.

Mira Sorvino (up for the best supporting actress for *My Big Fat Greek Wedding*) might wear Isaac Mizrahi, but then again, Armani has been most solicitous. He is likely to dress Emma Thompson (who once let British designer Caroline Charles dress her like a trousered mermaid or, as crueler wags put it, a sea slug - and has played safe since).

Kate Winslet, this year's youngest nominee, who is also slim, blonde, tall and beautiful, has had approaches from just about every designer you have ever heard of (and some you haven't). Among the competitors in her category is Mare Winigman (likely to wear Vera Wang) and Joan Allen, allegedly heading down the unwise route of making her own frock.

Beverly Hills store Neiman Marcus reports Richard Tyler (average price \$3,000), Badgley Mischka (average \$2,500) and Pamela Dennis (average \$2,000) among hot pre-Oscars sellers. Meanwhile, shoes



are primarily Manolo Blahnik (from \$500 to \$2,500 a pair) or Diego Della Valle (from \$300 for an evening pair).

Strong pre-Oscars sellers at Fred Hayman's store include Pamela Dennis and Mark Brouer, who both design to flatter the favoured busy LA body and sell at around \$2,500 each. Thierry Mugler gowns can cost up to \$5,000. John Galliano gowns, however, are not flying out of Hollywood's most celebrated store: at the time of writing they have yet to arrive. But he may have

placed a free gown (worth an estimated \$5,000) on a key presenter.

Sharon Stone, nominated for *Casino*, has just finished an international promotional tour for the movie in a Valentino wardrobe. He hoped to dress her for the awards, allegedly giving her three beaded dresses worth \$150,000. Now it seems she may wear Vera Wang.

Angela Bassett (presenting this year) may well put Escada back on the fashion map, while Clarissa Bronfman (husband Edgar Bronfman Jr is the main man at MCA)

is likely to make quite an entrance in slinky Hervé Leger, worth around \$5,000. Claudia Schiffer is expected to turn up in \$30,000 worth of Versace, with matching shoes. Then there are those who buy exquisite old couture from Lily, LA's antique specialist store. A Lily gown or tux costs as much - if not more - than a new one.

So with all the guests and hangers-on, MC Whoopi Goldberg, and producers Quincy Jones and David Salzman, you will be looking at around \$12m worth of clothes. And

that's without the jewellery, due to come out of bank vaults for the night.

Oscars night provides the only catwalk show where those modelling the clothes speak. So they can, and do, thank their designers in those 35-second speeches heard by millions. No wonder the fashion designers will go all-out for the Oscars.

I wonder who is dressing Babe the pig?

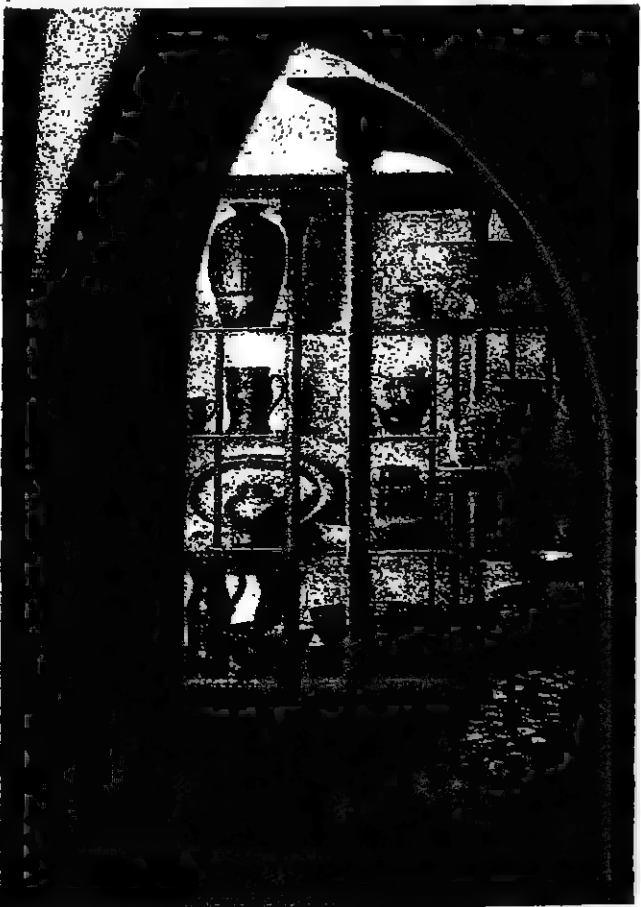
Drawing by Richard Gray

A pioneer of selling beauty

Henry Rothschild opened Primavera in 1946. Sophie White reports



A coil-built pot in burnished rutil by David Roberts



Contemporary British ceramics on show at Primavera in Cambridge

The role of Liberty and Heals in spreading the doctrine of high quality design and crafts is widely recognised. Much less is known about the more subtle but no less vital contribution made by one shop, Primavera, and its founder, Henry Rothschild.

Primavera was a winning combination of shop and gallery - all the works were for sale but most were of a quality and standard that could have sat happily in any gallery. Many of the craftspeople whose work Rothschild bought became internationally known in the world of postwar crafts: most notably potters Lucie Rie and Bernard Leach.

Henry Rothschild's talents were derived from a rare "cocktail of culture and background". He was born in Frankfurt where he absorbed the growing influence of modernism through visiting exhibitions, and gained a science degree at Cambridge in the mid-1930s. During wartime service with the British Army in Italy he saw potteries producing tin-glazed earthenware, and admired examples of traditionally woven fabrics.

Back in England in 1944, Rothschild began what was to become his vocation: travelling - hitch-hiking at first if necessary - across the country selecting objects that satisfied his concept of beauty. In order to be with the objects he admired, he had to buy them; then he faced the problem of selling them, so, in 1946, he founded Primavera.

From the earliest days Rothschild had a particular interest in ceramics and textiles and they formed the backbone of Primavera's stock. The mix of modern work with traditional "folk" art such as British basketry, African textiles or Polish wood carvings

gave it a special flavour. Many of the objects were utilitarian - such as cups and saucers or plain woven fabrics and floor rugs. Unlike many supporters of the crafts, he was also a keen believer in industrial production. He had no preconceptions about the manner of the making - he aimed simply to find and sell "the really best things, whether hand or machine made. I strongly object to the distinction between [the two]. If the machine can do it well, why not let the machine do it?" he would say.

Above all, Rothschild and Primavera were the champions of studio pottery, both British and German. Many important potters such as Gillian Lowndes held their first exhibitions at Primavera. Hans Coper had his first exhibition there in 1958. "It was Hans Coper whom I adored. I think he was the finest potter we have had in the postwar period."

Rothschild's great achievement was to make his idealism a commercial success. When he opened the first Primavera shop at 149 Sloane Street, austerity after the second world war was still the order of the day and Utility design was the prevailing aesthetic. Primavera, though small in itself, came to be hugely important in promoting a new, fresh aesthetic.

From the beginning, Rothschild's sure eye for fine work, for fresh and inventive modern crafts combined with modest prices began to attract the public's attention and of the charming classes of the day. Alec Guinness and Peter Ustinov were among the early discerning customers.

Rothschild, now 83, closed the London branch in 1970. Another branch opened on King's Parade, Cambridge, in 1980 still flourishes today and

is run by Ronald Pile. Now it is one among more than 90 craft shops recommended by the Crafts Council.

The interest in domestic ceramics is still evident though Rothschild's addition to austere simple forms has given way to a greater interest in decoration. ("Everyone was very tired of terrific quantities

of little brown jugs," says Pile.) Fine glassware and jewellery have replaced an earlier emphasis on textiles.

But Pile is, in his way, just as much a pioneer as ever Rothschild was. "Primavera is not just a nice space with nice things in it," he says. "I want to lead people who may not meet this sort of work in their

daily lives into some sort of acquaintance with it."

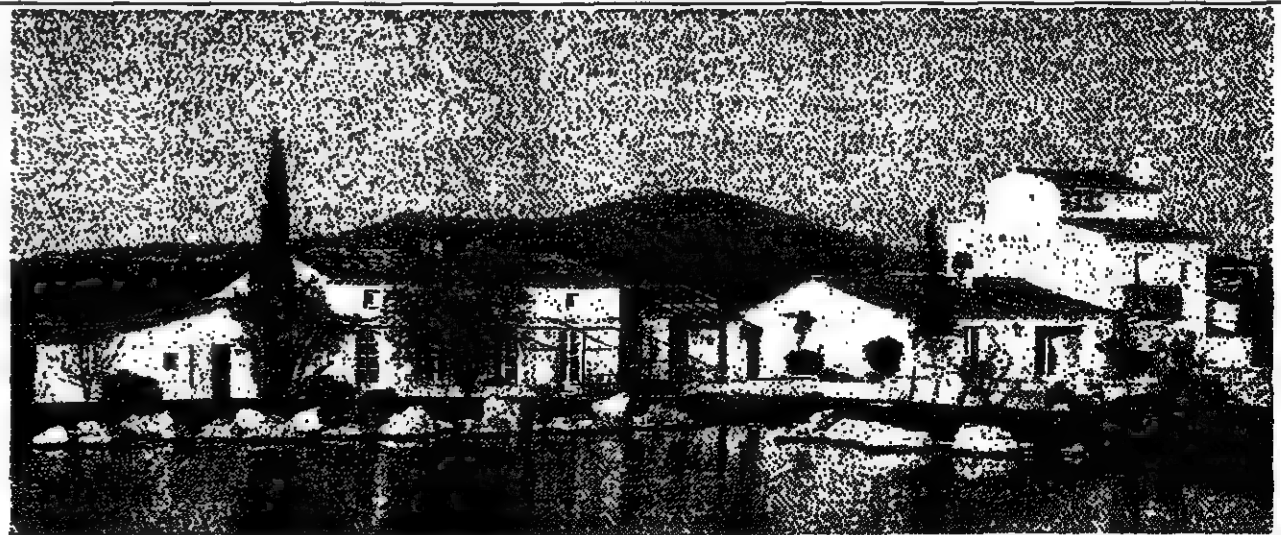
He, too, in his way is bringing beauty to the high street and giving young craftspeople an opportunity to present original work.

An exhibition entitled Primavera - Pioneering Craft and Design 1945-1995 is at the Adeane Gallery, Fitzwilliam

Museum, Trumpington Street, Cambridge, until June 2.

The exhibition reflects Rothschild's taste for strong form and truth to materials rather than superficial decoration. Several bold sculptural pots dating from the 1960s by Hans Coper dominate one case. The simple metallic forms of spades and discs are emphasised by matt glazes and textured surfaces.

The Museum is open from Tuesday to Saturday 10am to 5pm, and on Sunday 2.15pm to 5pm. Admission free. Tel: 01223-332900.



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BOOKS

Whenever the activities of a previously unknown mass murderer or serial killer are revealed to a horrified public, people rush to categorise the miscreant as sick or evil. It happened again 11 days ago when, in one of the most shocking killing sprees Britain has ever witnessed, Thomas Hamilton shot dead 16 children and their teacher in Dunblane.

The response is understandable but unhelpful, closing down discussion instead of prompting serious consideration of how such people become murderers. It is to Brian Masters' credit that he is willing to take on what many might consider dirty work, patiently digging into the background of other representatives of this ghastly hall of fame, notably Jeffrey Dahmer, the Milwaukee Cannibal, and Dennis Nilsson, in search of clues to what

threw them so badly off course. Masters is humane, tolerant, and reluctant to make snap judgments – but his new book confirms that his skill lies in dogged investigation rather than analysis. The title itself is misleading for Masters' thesis is, quite rightly, that labelling someone as evil is "a substitute for thought". The important question he argues, is "whence we derive our good behaviour, and whence our bad?"

Yet instead of using this bold assertion as his starting-point, Masters is immediately sidetracked into the weary familiar argument about whether human beings are innately good or bad, original sin

versus the noble savage, St Augustine versus Rousseau.

He is then forced into a detour which takes in everything and everyone from the Wild Boy of Aveyron to John Aspinall's gorilla colony at Howlett, revealing one route a somewhat sentimental view of the animal kingdom. Human beings could, he says, copy the habits of the wolf with profit: "He [sic] is amongst the most loyal of beasts, monogamous, affectionate, respectful towards his kind, only killing prey in order to eat, sharing, and strongly inhibited against attacking females and young". This vignette of the home life of the caring, sharing wolf is precisely

THE EVIL THAT MEN DO: FROM SAINTS TO SERIAL KILLERS: PENETRATING THE NATURE OF GOOD AND EVIL

by Brian Masters

Doubleday £16.99, 273 pages

the kind of anthropomorphism Masters warns against on an earlier page. More importantly, it exposes his confusion about the extent to which male and female behaviour can be assumed to be identical. The overwhelming majority of the tyrants – Hitler, Stalin, Ivan the Terrible, Tamburlaine,

Montezuma – and serial killers who feature in his book have something in common: they are men.

This is far from being a cheap feminist point. Addressed sensibly, it allows us to dump the whole tedious debate about original sin in favour of an examination of what it is about the human male that, in certain circumstances, inclines him to act destructively. It is far from saying that women are inherently pleasant, but acknowledging the fact that they react to adverse conditions in a very different way from men opens out the debate.

Is there, for instance, something in the way boys are raised that predisposes them towards violent

behaviour? Masters' own work on Dahmer, and what we have learned about Thomas Hamilton, bears out the idea that serial and mass killers come from a background of emotional deprivation and never learn to treat other people as anything other than objects.

There is a great deal of quotation in this book, but it tends to show only that Masters is well read, not that he is able to grasp other people's arguments and put them to original use. He has a tendency to make huge leaps and assumptions, assuring the reader that he would have made a useless concentration camp guard on the slender evidence of his reluctance to cane other boys

when he was in a position of authority at school.

His sentimental streak leads him to over-value the people he regards as saints, whether he is talking about Jesus Christ or his mother. In doing so, he falls into the trap of polarisation which he is so wary of in early chapters. This is a pity because we need books which take a calm, unemotional look at the phenomenon of serial and mass murder which has so disfigured the history of our country. Men like Thomas Hamilton do not become monsters overnight, even though their sudden notoriety sometimes creates that impression. Brian Masters' strength lies in patient excavation of these individual lives, not in the archaeology of the soul which he seems to have attempted in *The Evil That Men Do*. The book tells us more about Masters and the influences which shaped him than it does about his ostensible subject.

Insight into a ghastly hall of fame

What is it that turns men into serial killers and mass murderers? asks Joan Smith

An angry bohemian of minor talent

Djuna Barnes ends up as a literary hanger-on in her own biography, writes Jackie Wullschlager

When Djuna Barnes called herself "the most famous unknown of the century", she put her finger on a peculiar sort of high-brow glamour that attends certain women writers who made their names through their lives, loves and fashions rather than their work.

Like Anais Nin and Gertrude Stein, the name Djuna Barnes suggests bohemian outrageousness and little else: more people are able to identify her photograph than name a single one of her books. This new biography seeks to establish Barnes as a key modernist; it is also an example of the current trend for elevating feminine mystique into literary myth.

Barnes had a dreadful life and wrote her two main books in a blaze of rage at her suffering. Born in 1892 on a farm in Connecticut into one of the two families of her polygamous father, she grew up sharing a bed with her liberal, twice-di-

Herring makes a valiant case for Djuna as a sort of high priestess of the literature of vengeance – "You have condensed your agony until it's pure platinum" – but all the bitterness in the world does not alter the fact that *Nightwood* and *The Antiphon* are irrevocably minor.

Nightwood, a highly-wrought tale of grotesque cosmopolitan lovers linked by a tormented doctor-patient, is half throwback to fin-de-siècle decadence, half 1930s experiment with surrealism: it caught the interest of TS Eliot, who published it for Faber and wrote a preface praising its "quality of horror and doom very nearly related to that of Elizabethan tragedy". This won Barnes some cultish following in the 1930s.

Today, by contrast, it is as part of the fashionable feminist interest in women writers who have turned extreme depression into art – witness the cluster of recent books on Sylvia Plath, Frieda Kahlo, Virginia Woolf – that she is seen to be significant. It seems to me, however, that this trend encourages biographers to overrate other women, such as Djuna or Anais Nin, who merely suffered, as major talents.

"Djuna... had real genius, style", "Djuna has genius if anyone I know has genius", Herring writes repeatedly. He is a generous writer who makes the most of Djuna's attractive qualities: her ability to transform her sense of victimisation into wit, her genuine open-mindedness – asked if she was a lesbian, she replied "I might be anything. If a horse loved me, I might be that" – her ingenuitous arrogance ("I think only two women have written books worth reading, Emily Brontë and myself").

Worthwhile literary biographies, however, do not need to reassure themselves about their subject's genius. The trouble with Djuna is that Barnes' role in literary history is so marginal that, to give his book weight, Herring must constantly stack up allusions to a crowd of 1920s and '30s writers – Joyce, Eliot – who are vastly more interesting than Djuna herself. His attempt to equate her stature with theirs ("Djuna Barnes was cut from the same cloth as her friend Joyce: she loved words and knew how to express through them her sense of bitterness", for example) is patently absurd.

The result is not, as Herring suggests, that we see her as a pivotal modernist, but that she comes across for what she was: a literary hanger-on – and something of a footnote in her own biography.

DJUNA: THE LIFE AND WORK OF DJUNA BARNES

by Phillip Herring

190 pages, £20, 386 pages

voiced grandmother Zadel. Grandmother and granddaughter exchanged erotic letters and there may have been some form of incest; it also seems likely that Barnes was raped either by her father or by his friend, at his request.

Eventually, the experimental ménage broke up and Djuna was misled with her mother and brothers to the slums of New York, where she kept them all on her earnings as a fledgling journalist.

She never got over this triple assault on her childhood: when she wrote her vengeful verse play about her family, *The Antiphon*, in 1938, she was still exclaiming "I know of no writer as mean as I would be".

For the rest, Barnes travelled the well-trodden path to Bohemia of an early 20th-century American gal. "I could never be lonely without a husband" was one of her journalistic headlines, and she progressed from bed-hopping in Greenwich Village, through a lesbian affair with an American artist in 1920s Paris – the subject of her 1936 novel *Nightwood* – to a downward spiral of alcoholism, promiscuity, illness and attempted suicide.

Her last 40 years were spent as a recluse, for, as Phillip Herring shows, her anger at "basically anybody who requested anything of her" was so intense as to make human relationships impossible.



A browse through the Establishment

Competition has broken out in the British who's who industry. After less than 10 years of existence, Debut's *People of Today* now has more entries, and is considerably more glossy, than the traditional *Who's Who*, which first appeared in 1849. Debut's has about 34,000 entries, *Who's Who* around 30,000.

Obviously, many of them overlap. There is no way in which you could keep out (say) Lady Thatcher, or a past or present chancellor of the exchequer or Archbishop of Canterbury. Yet the similarities are more striking than the differences. One would have thought that the upstart would be a bit more adventurous. Both volumes, however, much as their editors may deny it, seek to confer an aura of respectability.

True, Debut claims that no entry is guaranteed a place for life, whereas one in *Who's Who* is. The general rule is that there is only one way out. We shall see whether Debut practices a dismissals and, possibly, a re-entry policy in the next few years.

At present there is still conservatism. For example, Nick Leeson, the banker detained in Singapore, surely deserves an entry for 1996, if only for the record. While Barings come almost too cheaply, Leeson is not there.

There is also a striking omission of people to do with technology and commerce. If you are a scientist with a Nobel prize or are head of a university department, you make it. In commerce and the retail trade, surely John Bloor, the washing machine man,

deserves a mention. Such omissions are a reflection of British social attitudes.

The single most striking difference between the two books is the entry of the writer Dame Barbara Cartland. In her *Who's Who* appearance she runs to 23 column inches. No other entry comes within even half the distance. Most of it is a list of her writings. In *People of Today* she occupies barely two inches, but they do include the statements "best selling authoress in the world" and "written more books than any other British author".

WHO'S WHO 1996

A & C Black £95, 2143 pages

PEOPLE OF TODAY

1996

Debut's £97.50, 2106 pages

Dame Barbara may well have been responsible for this herself. For on the whole you write your own entry, subject to some checking and guidance. The main thing is that you have to be invited in the first place. One of the reasons why some obvious candidates are missing from *People of Today* must be that they have not filled in the form. They may also have regarded it as a *trifle nouveau*.

Although it has broadened its entry system, *Who's Who* sticks to its tradition of giving space to people of a certain rank or position. Thus one of the shortest entries (two lines) is Sir Charles Thomas Legard, of whom we learn little more than that he is the 15th baronet and is married with children. Oddly enough, we learn more of him in *People of Today*. He is a chartered

accountant and gives an address in Yorkshire.

In *Who's Who* Lord North pips Legard on the post (three lines), but only by including a telephone number. *People of Today* remains brief on North, yet adds a South African connection. Lord Lucan, the peer who disappeared some years ago, is still just covered in *Who's Who*, but – perhaps significantly – is not in *People of Today*.

Brevity is often a sign of modesty. For instance, Henry Grunfeld, one of the great names in British banking, has allowed himself only four lines in *Who's Who*, and has either not been asked by Debut or declined the invitation. Even Lady Thatcher's entry is relatively short in both books.

Yet, for all the deficiencies, it is the opportunity to browse that makes such volumes fascinating. Who would have known that one of the middle names of Sir Crispin Tickell, the former diplomat and climatology expert who helped turned Lady Thatcher green, is Cervantes?

And for a country that does not exactly shine at tennis, the entries appear to play an awful lot of it, including Sir Peregrine Worsthorne, Martin Amis, the novelist, is listed in *People of Today*, though not in *Who's Who*, as the tennis correspondent of the *New Yorker*. *Who's Who* says that Sir Clive Sinclair, the inventor, plays poker, but *People of Today* confines his recreations to music, poetry, mathematics and science. One could go on, but you can do it yourself.

Malcolm Rutherford

Fiction/Iain Finlayson

Moral hypocrisies

Michael Arditti's second novel, published three years after *The Celibates*, a wracking tale of passion and the priesthood, tackles the moral dilemmas implicit in traditional family values as defined by some politicians and the tabloid press.

Fatherhood, in the professional priestly and domestic paternal sense, is a vocation that, one might have thought, should be eschewed, along with service in the armed forces, by gay men. All are at odds with the political thinking of radical gays who perceive these roles as reinforcing the stereotypical attitudes that marginalise gay men.

But Arditti plunges in where angels might think twice to tread and saddles his protagonist, television chat show host Leo Young, with a five-year-old girl, a legacy of his asexual partnership with her late mother, Candida Mulliner.

The trials, civil and criminal, of Leo Young are heaped on his hapless head as he is pursued through the courts by Candida's adoptive parents who challenge his guardianship of little Pagan. The tabloid press – with which Leo has himself colluded as a celebrity columnist – "outs" him, a

former lover "confesses" all, and a procession of rent boys are paraded to confirm Leo's sexual depravity. Meanwhile, true depravity is uncovered in Candida's own life and the hypocritical attitudes of her adoptive parents, who are held up by the courts and the press as paragons of family values.

Arditti's novel is a relentless, hyperbolic narrative, determinedly partial in its definitions of fatherhood, paternity and – ultimately – loyalty and love. The good are redeemed through honesty and the bad receive their just deserts. It is a morality tale that reflects little credit on anyone. In this age in which conflicting moralities are spun like plates on sticks, sooner or later some of them are bound to crash to the ground.

PAGAN AND HER PARENTS

by Michael Arditti

Sinclair-Stevenson £12.99, 437 pages

THE LAW OF ENCLOSURES

by Dale Peck

Chatto & Windus £15.99, 287 pages

hyperbolic narrative, determinedly partial in its definitions of fatherhood, paternity and – ultimately – loyalty and love. The good are redeemed through honesty and the bad receive their just deserts. It is a morality tale that reflects little credit on anyone. In this age in which conflicting moralities are spun like plates on sticks, sooner or later some of them are bound to crash to the ground.

Reading both novels is a pretty desolating experience; Arditti's style is curiously remote – Leo Young tends to address his thinking to the dead Candida, whose inevitable lack of response reinforces the sense of Leo's loneliness; Peck's narrative is pervaded by a sense of the author's longing to retrieve a condition of being that is ineluctably lost.

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At the end of the Seven Years War, Britain debated which of the colonies captured from France – Canada or Guadeloupe – should be returned. Besides the attractiveness of Guadeloupe's sugar crops, there were fears that without the French presence in Canada, the American colonies could expand inland at will, and worse, without the French threat, would not need British protection.

Geopolitical considerations in Europe eventually dictated that Canada be retained, but Theodore Draper sees the

American Revolution proceeding inevitably from that point. His analysis highlights economic factors as the key to that struggle, and traces the arguments largely through contemporary pamphlets, the 18th-century equivalent of Radio 4's *Today* programme.

The colonies had been set up by charter, which meant they were self-governing. Their only obligation to the British crown was to provide profit. As the

charter companies evolved into local assemblies, London's control was always going to be in doubt. As early as 1647, Major John Child stressed that "riches, power, and dominion" made the colonies formidable, and warned that efforts by the American colonies to unite might spread back to Wales, Cornwall, and even Ireland.

The British thought the colonies would never unite and would simply feel too loyal to

realised their economic power. The tax which prompted the Boston Tea Party was particularly noxious because its revenues were intended to pay for colonial administration, which had previously been the responsibility of local assemblies.

Draper shows how time and again the short-term financial needs in London determined policies toward the colonies. Even decisions in favour of the

colonies merely highlighted their lack of power. Writing in 1764, Britain's Thomas Pownall recognised that the end of the Seven Years' War meant the colonies could no longer be treated as plantations. "Once they come to feel their own strength... their independence... will not be so remote as our leaders think".

The colonies already traded independently, with much smuggling. Smuggling ren-

dered taxes useless, as they cost more to collect than they raised. London's attempts to control trade after the Tea Party changed that. Particularly in Boston, the revolution was sparked by lawyers who represented the most affluent merchants.

"Not until parliament finally provided for stricter enforcement of laws did smugglers claim their activities to be patriotic," Draper quotes Leo-

nard Labaree. "Then they succeeded in convincing the American public that their search for illegal profit was somehow part of the common fight for liberty".

Adam Smith wrote in 1776 that America's leaders felt important because they were building "a new form of government which seems likely to become one of the... most formidable that ever was in the world." The colonies were lost because Britain did not recognise that growth, or allow for the balance of power to shift.

Why Britain lost control of the colonies

by Theodore Draper

Little, Brown £25, 544 pages

consider independence. But when colonial merchants forced the repeal of stamp acts by boycotting British goods and leaving debts unpaid, they

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BOOKS

Dangerous primates with mortgages

Michael Thompson-Noel has a crash-course on human evolution

What funny creatures we are. Nasty creatures, too, with our stone-age bodies and stone-age brains. In the view of Harvard anthropologist David Pilbeam, we are a "rather odd African ape": a primate that has hardly changed since our hominid ancestors started their exodus from Africa 100,000 years or so ago, and embarked on their adventure as planet-conquering foragers.

Do not be fooled by primitive cultural and technological achievements - Mozart's tunes, Rembrandt's daubs, our rockets and philosophies. The truth is that we are apes who grew up on Africa's savannahs. And we are very, very dangerous.

Just look at us: stone-age people from tip to toe. We have hair on our heads to shield our brains from dangerous fluctuations in solar radiation. Some middle-aged men are bald, but that is because they are essentially redundant. They are past the point of fathering children, at least in terms of stone-age longevity. The hair tufts at our groins and

armpits lie above warm glandular areas, allowing hormones and other scents to linger and attract. But the rest of our bodies are naked, the remainder of our primate hair having thinned dramatically to allow us to sweat profusely, when we need to.

Our forehead is remarkably prominent for a primate: the result of the relentless increase in the shape and volume of *homo sapiens* crania, especially in the frontal lobes. Yet our brow-ridges are extremely small by hominid standards, and are marked only by eyebrows. Eyebrows help keep sweat out of our eyes, and are useful for facial signalling. Over 3m years, our mouths and jaws have shrunk in size, starting with *homo erectus*. This is because of our preference for more easily digested foodstuffs: meat, of course.

Things continue like this as we

work down our bodies. In several respects we are quite ill adapted. The worst things wrong with us, anatomically, are our backs, hips and pelvises. They are not in good shape. That is because we chose to combine bipedalism with large brains, the consequences of which have been particularly unfortunate for women.

Whereas other primate babies pass straight through the pelvis, human babies have to twist through the narrowest of gaps. At birth they are neurologically immature. They spend the first year of their lives in a state of helplessness while they catch up on brain development.

Homo sapiens are even getting smaller. Cro-magnon males were a lot taller, buskier and raunchier than modern human males. Neanderthals were also hunkier. But *homo sapiens* are shrinking (some experts believe), possibly because we no

longer need to excel at hunting large, fast prey. (Ignore the bulging specimens you will glimpse at the Olympic Games in Atlanta this summer. They are merely freaks. There will always be a demand for that sort of thing, but the rest of us - normal household males, with

science editor of *The Observer*. One is good with fossils, the other good with words. Pooling their brain cells, they have produced an account of the *homo sapiens* career path that tells a complex story well, and is quite nicely illustrated.

They start their story with Kibish man, whose anatomical relics were found on the banks of a river in Ethiopia in 1967. Give or take a bone fragment here and there, say the authors, Kibish man is the most ancient direct kin of modern man whose fossils have been discovered. Kibish skulls found by Richard Leakey are thought to be about 130,000 years old.

However, it is part of the authors' argument that we ourselves, *homo sapiens*, are a young species which rose like a phoenix from a crisis that once threatened our survival. Fledgling modern humans almost became extinct. At one stage they

were as endangered as the mountain gorilla is today, their population restricted to about 10,000 adults. But they staged a comeback, spreading across Africa, and then out of Africa, to conquer the world.

This account of human evolution, say Stringer and McKie, "challenges many basic assumptions we have about ourselves: that 'races' deeply divide our populations; that we owe our success to our big brains; and that our ascent was an inevitable one."

Far from it. The truth, they maintain, is that modern humans on different continents are closer evolutionary kin than modern gorillas that happen to meet in the same forest glade; that Neanderthals became extinct even though they had bigger brains than *homo sapiens*; and that our evolution has been favoured by random developments (still unidentified) as much

as by anatomical design.

The out-of-Africa theory - the notion that all the world's humans are extremely closely related - is still bitterly disputed among paleontologists, anthropologists and geneticists. Indeed, Stringer and McKie call the argument "one of the most bitter in the history of science."

But the story of human evolution is taking firmer and firmer shape. We may not know where we are going - or whether we will survive once robots start industrial-scale breeding, possibly with our say-so - but we are getting an ever clearer picture of our evolutionary history.

Angela Carter, the late novelist, once said she thought it regrettable that "we align ourselves with the angels instead of the higher primates." When the Olympics start, look at those archaic cro-magnon types as they hurl their javelins, bare their enormous teeth and flex their hairy muscles. In a metaphorical sense, they lack our modern wiring, which means they are just a little closer to the angels than are truly evil creatures like you and me. *African Exodus* tells us why.

AFRICAN EXODUS
by Chris Stringer and Robin McKie
Jonathan Cape £18.99, 267 pages

Halcyon days and brutal war in Rhodesia

'Peter may have shot me. We were on different sides', writes Michael Holman on a poignant account of growing up in Africa

I must declare an interest. Peter Godwin is a friend of mine, although I did not meet him until after Rhodesia's guerrilla war was over. Just as well, really. Reading his book makes me wonder whether he would have shot me. Or at least arrested me, since there came a point in our lives when he would have been duty bound to do so. For we were on different sides in the war.

Peter was a conscript policeman, called up at 17. I was a journalist in my twenties. I ended up on the run from Ian Smith's white minority regime, while Peter turned himself into more than a policeman: he became a counter-insurgency expert, who soon realised the futility of the war to keep majority rule at bay. At about the same time as Peter was being blown up by guerrilla landmines in Matabeleland, I slipped out of hiding to test a possible escape route through the province he was patrolling, into neighbouring Botswana and freedom.

We have much in common, Peter and I, fellow "Rhodies", who in our childhood enjoyed the halcyon years of white rule. We both ended up at universities in Britain. Peter at Cambridge, I at Edinburgh, both of us became journalists. Some 20 years after our paths might have crossed in Matabeleland, he has written a book that moved me to tears, as much for what might have been as for the war that caused such pain. The result is a finely written, poignant account of growing up in - and fighting for - white Rhodesia, as revealing in its own way about that society as Doris Lessing's *The Grass is Singing* was of an earlier era.

Peter enjoyed a childhood as magical as it was privileged. Unlike many of his contemporaries, however, he was as bi-cultural as it was possible for a *mukwa* (white boy) to be in those days, speaking Shona and learning the values and cus-

oms of the local people. He explored the beautiful eastern highlands of what is today Zimbabwe, and followed his doctor mother as she did her rounds.

Death and illness was treated matter-of-factly in the Godwin family, and Peter avidly looked on, whether his mother was performing autopsies or dispensing penicillin. So when she was called to the scene of a guerrilla ambush in 1964, a traumatic event which marked the beginning of the end of the golden era for white Rhodesia, the six-year-old Peter was quite unimpressed by what he saw.

Piet Oberholzer had been stabbed to death with a bone-handled 10-inch hunting knife, victim of what was to become a 100,000 strong guerrilla army. Fifteen years later it forced Ian Smith to capitulate.

It was on the banks of the Umfolozi River that Peter, just 18, learnt the facts of life. They had nothing to do with the police-issue condom that protected his cigar from the heavy summer rains. The war, he was told by his instructor, was more serious than had been admitted. Indeed it was probably unwinnable.

It is at this point in the book that Peter declines the easy option. He could have produced an agonised *mea culpa*, exonerating himself for his role in the war.

Neither side had much regard for the Geneva Convention. The Rhodesian army regularly tortured civilians in an effort to extract information about their opponents. The rival guerrilla armies - the one loyal to Joshua Nkomo, the other to Robert Mugabe, who was to become

Zimbabwe's first leader, not only did dreadful things to each other. They often made life hell for peasant families caught between the guerrillas and Rhodesian army, the former seeking food and shelter, the latter extracting information.

He has chosen instead a far more subtle and courageous course. He has managed to write as he felt at the time, often exhausted, determined to stay alive, capturing the atmosphere with some wonderfully observed vignettes, made all the more illuminating by his honesty.

I relished the deft portraits - of Sergeant Major Gondo, the tough black professional; the soldier - also a black Zimbabwean under his command, who names his son Godwin; the chief whom Peter initially protected, and when he eventually has to arrest the dignified old man, finds his apology contemptuously rejected; or the vivid account of how Peter, exploding with anger, made a hapless black youth he was interrogating wet his pants with fear.

The frankness with which Peter tells his story leaves him vulnerable to those who may be tempted to condemn him. Only his adversaries have the right to pass judgment, and if the guerrilla commander with whom he exchanged fire in the field holds no grudge, that should be good enough for the rest of us.

Mukwa has an epitaph. Peter returned to Zimbabwe as lawyer, shortly after independence, before becoming a journalist. His reports for the London Sunday Times exposed the brutalities of the North Korean-trained fifth brigade in Matabeleland. These thugs employed methods as brutal as the Rhodesian army at its worst when they persecuted civilians in their hunt for renegade guerrillas in the early 1980s.

There is no happy ending. The stories that were in power then are still in charge today: old, vain autocrats who betrayed their just cause.

MUKWA: A WHITE BOY IN AFRICA
by Peter Godwin
Picador £13.99, 420 pages



Eight-year-old Hadia, pictured with her father, remains mute after being separated from her mother in the crossing from Somalia into Kenya. From "A Sense of Common Ground" (Picador £29.95, 80 pages), a collection of pictures of Africa's refugee community by the African-American photographer Fazal Sheikh.

Rereadings

'Rebel Hearts' of Northern Ireland

Kieran Cooke on a book which tries to come to terms with one of the world's most enduring conflicts

In 1972 a seven member IRA delegation was flown to London for secret talks with the British Government. The venue was a millionaire's home in Cheyne Walk. On one side of the table sat William Whitelaw, the quintessential Tory.

Among those on the other side of the table were Gerry Adams and Martin McGuinness, then a 22-year-old but already considered to be an IRA veteran and community leader in his home town of

Londonderry, the meeting was a strange one.

"The whole experience was surreal. The house was a mansion. I came from a working class area of the Bogside. But it wasn't just the house, it was the way the whole thing was done... an RAF helicopter descended and we took off and were flown to the military part of Belfast's airport where a private RAF plane was waiting to fly us to England. An officer was waiting at the bottom of the steps and as we walked past he saluted us. It was incredible."

The incident is one of the few light moments in *Rebel Hearts*. For the most part Kevin Toolis' examination of the IRA is a grim story of a group of men and women prepared to kill and be killed for the ideal of a united Ireland.

In light of the renewed IRA campaign *Rebel Hearts* (Picador, £8.99) is essential reading for anyone trying to come to terms with one of the world's most enduring conflicts.

The depressing message of the book, which first appeared during the IRA ceasefire last year, is that there is no sign the IRA will give up its

struggle. The organisation has a waiting list of volunteers. Its leaders, termed a hermetic republican elite by Toolis, are as set in their attitudes as ever. A history of failure and schisms within IRA and Sinn Féin has made even the hint of political compromise synonymous with betrayal.

Nor is there any sign that the IRA can be militarily defeated. Unless there is some political breakthrough this untidy little war the last century's underpinnings of Europe could stretch on well into the next century.

The IRA has never understood the British. It continues to believe that acts of terror, whether in the back streets of Belfast or in the east end of London, will eventually drive the British administration, along with its soldiers and armaments, out of Northern Ireland. Instead the bombings only harden British attitudes. In the aftermath of the Canary Wharf bomb following the 1994 IRA ceasefire were sent back to Northern Ireland.

For its part the British have often failed to understand what motivates the IRA. Northern Ireland is an intensely

family-orientated, community-based society. In West Belfast and the Bogside everyone knows everyone else. Families are interwoven.

The thousands who attend the elaborate ritual of an IRA funeral are not necessarily supporters. They are relatives

It thrives on conflict. British policy has often only served to pour fuel on the flames of Northern Ireland's troubles. Instrument in the mid 1970s was a disaster and resulted in recruits rushing to join the IRA. Covert intelligence teams including the SAS, often dressed in clothes favoured by the IRA - leather jacket, jeans and trainers - have launched shoot-to-kill operations.

In the strictly military sense many such operations have been successful, with numerous IRA units "taken out." But in the wider context those actions, along with the wholesale rounding up of suspects and the secret support of some of the activities of the loyalist paramilitaries, have been counter productive.

Every security force killing, every IRA prisoner, adds succour to the IRA. Every roadblock, each house search, only bolsters the IRA's image as the defender of the nationalistic working-class community. The IRA does not care about outside reaction to its campaign. As Toolis points out, the only justification that matters in Northern Ireland is the sanction of your own community.

With all their sophisticated surveillance equipment and network of informers, the security forces must know the identities of almost every IRA member. Yet killing them or locking them up does not solve the problem. Toolis says that in 1994 there were more IRA members in prison - about 700 - than on active service. "Most Volunteers began their long sentences in their twenties, some serve decades."

The government, often assisted by a media ready to swallow the official line, has sought to portray the IRA as a bunch of bloodthirsty thugs or a mafia style organisation headed by a profiteering godfather.

Toolis paints a different picture. The IRA, composed of no more than 600 active members and reorganised in the late 1970s into the classical cell-like structure of the guerrilla army, has proved to be a formidable enemy. It is a highly disciplined organisation. Its members live cloistered, often miserable lives. "There was no monetary reward in joining the IRA and, by necessity of its clandestine nature, limited social status" says Toolis.

Some join imbued with

familiar theme in *Rebel Hearts*. Toolis offers no great solutions. Describing himself as a constitutional republican he comes to the rather simplistic conclusion that peace can only be achieved when the British leave Ireland. "There will be peace in Ireland and it will be a republican peace" says Toolis. How that can be achieved - with the IRA and without a renewed war between Catholics and Protestants or a civil war encompassing the whole of the island, is left unsaid.

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ARTS

Models, casts and videos

William Packer on young American artists at the Saatchi gallery

This second and livelier batch of work now completes the show of Charles Saatchi's purchases from younger American artists over the past few years. It is a mixed bag, a true curate's egg, and if Mr Saatchi seems as persuaded as ever by the immediate image and the idea paraded on the sleeve rather than by more ambiguous and profound qualities, the good parts, for once, are good enough.

Charles Ray's rather splendid "Mannequin", some eight feet tall and seeming taller, dominates the main gallery in her pink power suit, hands aggressively on hips, her short skirt flirty in the draught. Seen as she is on the relative scale that a grown woman presents to a young child, there is to her an ambiguous sexuality, at once mother and dominatrix.

She is indeed possessed of a real sculptural presence, but only up to a point, for it is a presence unsustained in formal terms. As with the "Small Dancer" of Degas, the putting of real clothes on the modelled figure is a powerful device and worth exploiting. But here we look in vain for any true modelling, for any sense of a real figure beneath those clothes. What we have instead is the empty, painted approximation of the shop-window dummy. It is an evasion, a disappointment and a missed opportunity. Properly done, she would have been unforgettable.

The problem is that no-one seems to model from life any more. Kiki Smith shows two life-cast moulds as sculptures in themselves, a glit idea. She also shows various body parts, cast in bronze and attached to chains that loop prettily away like petals. She has also cast an intestine, which stretches its bronze length along the wall. All this is portentous enough in its metaphorical agonising on the human condition, but the real give-away is the flayed female figure, her "Virgin Mary", modelled life-size. As bronze it declares its monumental self-importance. As observation and effective description,

it is nothing more than an arrogant celebration of incompetence.

Richard Prince paints lumpily abstracted, rather graphic evocations of landscape, robustly reminiscent of late Guston, that might be fragments of hillside, or fields, or the backs of old sofas. These overlays with silk-screened elements that look like unravelled balls of string, that pictorially serve just as well as clouds, bushes, or lumps of horsehair. So far, so good, but unfortunately he seems not to trust such painting to look after itself, for he then adds jokey painted captions to each canvas, as though to deflect any serious response. It is all very knowing, very clever, and very tiresome.

The better painter is Jacqueline Humphries, who shows a series of large canvases upon which streams of paint, just red and white, have been allowed to run more or less freely down from top to bottom. These are deceptive paintings, something rather more than the off-hand, punk reworking of Morris Louis that at first they appear to be. In fact they are beautifully worked on the surface and carefully structured, with the given accident of each run of paint checked and modified as needs be, establishing and clarifying the shallow pictorial space. It is old-fashioned, serious, abstract painting, and all the better for it.

Tony Oursler, a video-sculptor, completes the group, and he too is a most interesting and accomplished artist. At first sight his work seems to rest on a single technical gimmick - intriguingly exploited, but a gimmick nonetheless. A while ago, he hit upon the idea of projecting the living head, filmed in close-up, onto the crude, black head of a doll or dummy. The effect is uncanny, at once comic and disturbing, as though Punch or Judy has come to life.

This device now forms the basis of all he does. But what is impressive is that it manages to do so without destroying the integrity of the work



At once mother and dominatrix Charles Ray's eight-foot-tall 'Mannequin'

overall. It remains an active, informing element, doing its job while freeing the artist to develop the other broader sculptural possibilities. Actual movement has been exploited by sculptors since sculpture began, but this is the first time I have seen video properly adapted to that role. This is no mere exercise in verisimilitude or *trompe l'oeil*.

There is no trickery, and the almost casual, improvised immediacy of the works as sculpture, is the necessary formal complement to the little facial dramas on the tape. A poor chap, no more than a bundle of rage really, lies groaning in the corner with smoke pouring from his back. A wicked puppet mutters and grumbles inside a suitcase. Trapped face

down beneath the corner of a mattress on the floor, a young woman squeals and groans in ecstasy, or is it torment? These are extraordinary and oddly memorable things.

Young Americans Part II: Saatchi Gallery, 98a Boundary Road NW5, until May 12. Open Thursday to Sunday or by appointment (0171-624 8289).

Dance/Clement Crisp

Moved by 'Hilde'

The Austrian expressionist dancer Hilde Holger is 91 years old. Her life has been as extraordinary, and as touching, as you might expect of someone who studied with Gertrud Bodemann in Vienna, but had to flee Austria in 1938, leaving behind a family who were all to perish in the Holocaust.

She went to Bombay, married, and took up her career again as teacher and performer. Hindu Moslem riots impelled her return to Europe, and by the 1950s she was settled in London, dancing and (very significantly) teaching.

Her style, as I recall from a recital at this time, had a rare simplicity, and her influence was considerable as teacher and aesthetic guide to such creators as the mime Lindsay Kemp and the choreographer and therapist Wolfgang Stange. It is Stange's dance-work with people having various disabilities which best illustrates the resonance of Hilde Holger's example.

Stange's dance-group Amici is a remarkable and inspiring example of how men and women who might otherwise be excluded from chances of self-expression and artistic creation - through mental or physical disadvantage - become performers of touching power and relevance.

I reported with great pleasure a couple of years ago on

Stange's *The Journey for Amici*, in a new piece, which had its first performance at Riverside Studios on Wednesday. Stange creates a collage of scenes which tell something of Hilde Holger's life and aspirations, and in a splendid coup, brings on Hilde Holger - brisk and still teaching, despite a wheelchair - to show the continuity of her work and her inspiration.

It is on any terms, an extraordinary evening. And apart from a few latecomers, a profoundly moving and rewarding one. The set is a scaffolding structure. Stange's artists are for no concessions to be made to their various disabilities - indeed they show how these may serve the cause of creating a theatre-piece which affirms the dignity and strength that touch Hilde Holger's life and the lives of the performers.

Hilde is, in essence, a survey of the long journey Hilde Holger has taken in her most terrible moments - the loss of family to the Nazi death camps - Stange creates images of unbearable pain. I am old enough to recall those years: Stange's line of unprotesting victims herded to extinction tears at the heart.

At his best, Stange dares. He dares to show the terrors of Holocaust to recreate the ferment of Indian riots with his cast, and brings the scenes off

with stunning simplicity and absolute integrity. The Hindu destroyer god Kali - a terrifying presence throughout much of the action - is played with astonishing force by Bill Robins (who is confined to a wheelchair). With his attendants - who are the fine professional dancers Lindsay Butcher, Sarah Jean Couzens, and the heroically strong Jeremy Robins - he is enthroned over the tragedies of Hilde Holger's life. It is a brilliantly effective concert. As a bonus of historical interest, dancers trained by Hilde Holger also perform some of her shorter creations.

Hilde might benefit from pruning, but at the end - as Hilde Holger is surrounded by the cast in loving recognition of her significance - I felt that here was a piece of theatre-dance of real merit, and of true humanity. Accompaniment is provided by five musicians, and is superbly effective. Wolfgang Stange makes art from simple materials - and some of these materials are too little regarded by our society. His success is a grand affirmation of his gifts and those of his ensemble, and of the influence of Hilde Holger.

At Riverside Studio Two, Hammersmith, London W6 until Saturday. Amici is supported by the Arts Council, the Foundation for Sports and Arts, Mencap, and the Linbury Trust.

Television/Christopher Dunkley

Twentysomething soap appeal

If *Coronation Street* is a Ford Cortina and *EastEnders* a VW Golf with lowered suspension and go-faster stripes, what is BBC2's new series *This Life*? The answer appears to be one of those four-wheel drive efforts with a rhinoceros on the spare wheel. *This Life* is not just another boring vehicle, gosh no. In fact it is not really a car - that is to say a soap opera - at all. It lasts not 30 minutes but 45, is shown not on one of the big-ratings channels but on BBC2. It is aimed not at the boring people who drive Golfs and Cortinas but at the young (or the young in heart) and instead of being safe, predictable and packed with middle-aged bores it is full of twentysomethings who are into sex and drugs, matters of which their parents and grandparents were wholly innocent.

Joking aside, there is quite a lot to be said for a soap which, instead of taking huge pride in being concerned so much with the gormless, is constructed around five bright young lawyers, living not in a working-class ghetto on Merseyside or the East End, but in a shared Victorian terraced house in one of London's myriad mixed communities. And while some viewers will doubtless whip up the familiar storm the language, nudity and explicit sex, others will welcome a drama which, without being either coy or aggressive, shows young people behaving as they actually do behave.

You mean men and women

who are not married really do take showers together? Well, yes. And young people use the f-word quite frequently in mixed company, not just as a swear word but to describe something they like doing together? Yes, again. But surely we are not being required to believe that the explicit scene of fellatio in the courtroom lavatory, which is included in Episode 2, is also an accurate reflection of life today? Not only today, but yesterday and, at a guess, the day before. The most remarkable aspect of these constituents is the matter-of-fact manner in which they occur. Whereas the makers of previous television dramas - *The Buddha Of Suburbia* for instance - were clearly aware of the shock value of such matters, writer Amy Jenkins and producer Jane Fallon seem to treat them with neither more nor less interest than everything else.

This alone, however, does not make a series. What does? Watching the first three episodes it is striking that although we are concentrating on lawyers, and our time is divided equally between home and chambers, we never see them in court. Of course the classic soap opera often goes for years without showing its main protagonists at work, but we are so accustomed to lawyers and courtroom drama on television that it feels odd to keep on getting as far as the doors, but never inside the court itself.

No doubt it will be said that this is not just another court-

room drama, but an attempt to give voice to a younger generation, a generation denied jobs by down-sizing and frustrated by the logjam set up by their had-it-all, done-it-all, hang-on-to-it-all parents. Apart from the general run of adult programming there is certainly very little on television either about twentysomething people or aimed especially at them. Whether television really needs to cater for tightly defined little age groups in this manner is a moot point clearly. American broadcasters think so. But all such series will sink or swim according to their ability to attract viewers of all ages.

That we are, indeed, watching a generation generally ignored by television is seen in the insecurity and general whimpishness of the men and the perpetual smoking. But that alone will never sustain a series. Nor will the stylistic editing devices such as cutting in the middle of a sentence and fading to grey instead of jump-cutting, though they make a welcome change and do provide a decided sense of novelty, much as Steve Bochco's new-style camerawork does in *NYPD Blue*. Yet what will matter most in the end is whether we are interested enough in, say, Delilah, the bulimic druggie sexpot, who uses enthusiastic sex to wrap Miles round her finger, or in Warren, the homosexual who grew up in a small Welsh town. So far they are not compelling, but a few more episodes could do the trick.

Radio

Beyond piety and wit

Catalans and Scottish Nationalists blandly sidestep charges of chauvinism by claiming to be good Europeans. And phrases like "diversity as source of enrichment" sound pretty meaningless when applied to the realities of the former Yugoslavia or the Soviet Union. What hope for cohesion among 26 to 30 states. Not to mention those Scots, Welsh, Catalans, Bretons, and Basques who want to be separate.

"I have a hypothesis," said the wildlife expert. "Oh no!" screamed the woman from BBC Bristol, presumably thinking it was a skin disease. In fact the hypothesis led to gloomy prognostications on the future of the pink and white (separately, not piebald) dolphins that frolic off Hong Kong once the Chinese take over.

Gloomy politics seem inescapable. In *Casting the Earth*

the head of Northumbrian Water reminded us that British tanks with Malawi or Somalia when it comes to water supply, where on earth did we get the idea that we were a wet country? Norfolk's wetlands are already slowly sinking as a result of global warming. One German tour operator has refused to sign a 20-year contract with the Maldives, whose highest point is a mere 1.6 metres above sea-level - and counting. Remedies seem to lie in the realm of politics, which hardly inspires much hope.

You could hear even the *New Sexual Nature* shrieking a gingerly wary course even when dealing with anthropology. In the event we were told that a man likes a good figure in a woman and a woman likes a man to be nice and dependable. One American survey concluded that nobody wanted a "diseased, mean or unstable" person, which I have to say amazed me. We also learnt that symmetry in form is important, and asymmetrical men have more sexual success. If this means that the Hunchback of Notre-Dame stands less chance on a Saturday night than Brad Pitt I can only marvel at the use academic resources are put to.

Martin Hoyle

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Berlin, Chicago, Bayreuth: Daniel Barenboim sits astride three of the world's key musical centres. But is he a great conductor?

The non-stop musician

Barenboim has yet to grow spiritual roots, argues Andrew Clark

Next Thursday, Daniel Barenboim will give a downbeat to the double basses in the pit of Berlin's Staatsoper, introducing the protracted E flat chords that open Wagner's *Ring*. It is a magical moment in any theatre, but it will be a particularly telling moment for the Staatsoper. It marks the culmination of Barenboim's most important project there since his arrival as artistic director in 1993.

The Staatsoper - pre-war Germany's leading opera house but a cultural pariah under the Communists - has not had a complete *Ring* for 40 years. Barenboim has taken three seasons to build the cycle, using the same production team and many of the singers who worked on his Bayreuth *Ring* in the early 1990s.

As if Wagner's tetralogy was not demanding enough, Barenboim will give three concerts with the Chicago Symphony Orchestra in the Philharmonie on evenings when he is not conducting in the theatre. Music director in Chicago since 1991, he is flying the orchestra to Berlin specially for these concerts.

Later next month Barenboim takes two Staatsoper productions to Paris, and in June he begins rehearsing in Bayreuth, his summer home for the past 15 years. On consecutive days he will open the 1996 festival with *Die Meistersinger von Nürnberg* and *Tristan und Isolde*. Both are among the most arduous works in the repertoire.

Berlin, Chicago, Bayreuth: Barenboim sits astride three of the world's key musical centres, with more power in his hands than any musician of his generation. In Berlin he has single-handedly transformed the Staatsoper into one of the world's leading opera companies. In Chicago he is spearheading a \$106m (£70m) plan to enlarge Orchestra Hall and turn it into a cross-cultural education and performance centre. In Bayreuth he is uncrowned king.

Barenboim is the ultimate musical animal - and always has been. Born in Buenos Aires

in 1942 and educated in Israel, he has reinvented himself at each stage of his career, leaving everyone gasping to keep up. Here is the prodigious young pianist who won the hearts of Klemperer and Barbirolli; the carefree chamber musician who sparked with Jacqueline Du Pré; the aspiring conductor in London in the 1960s and 1970s, for whom nothing seemed too difficult; the mover and shaker in French musical politics of the 1980s, before he was ejected from the Bastille and landed Germany's plum operatic job.

At the age of 53, despite thinning grey hair, Barenboim still resembles a boy wonder, and still behaves like a non-stop musician. But is he a great conductor? A great musician - yes, and a great motivator, with an extraordinary ability to forge productive alliances with directors, singers and

offstage power-brokers. But while his performances are never less than rousing, many critics believe they lack the individuality and inspiration that distinguish the great from the merely convincing. His sheer facility with music, and the supreme self-confidence that goes with it, mean he has never had to reach beyond himself - a vital factor in the creative struggle. Barenboim has yet to grow spiritual roots to underpin his amazing talent and knowledge.

"Barenboim has a fantastic musical mind," says John von Rhein, doyen of Chicago's music critics, "but he wants to do too much. I'd like him to do less and concentrate more on the quality of each project". It is a viewpoint shared by many. According to one member of the Berlin Philharmonic, "he's great fun to be with, but there's something improvisatory, almost slapdash, about his conducting that makes you think the orchestra is too big and he'd be happier controlling 10 fingers at the piano. He's been spoiled, he's never had to conduct a bad orchestra, so he prefers to ad-lib rather than lead. He thinks we all see the inherent tasks as he does."

So what characterises a Barenboim performance? A tendency to rely on inspiration of

the moment, a certain amount of overt point-making, a weakness for excitable climaxes, and a robust, romantic viewpoint - all these are common to his work as a pianist and conductor.

Although his solo recitals have dwindled to around six per season, he is still in his element at the keyboard: his Mozart concerto performances are particularly worth hearing. His authority as an opera conductor is also indisputable, particularly in Wagner. Some of his tempo changes may seem contrived, and his 19th century approach to orchestral sound in Mozart is now unfashionable - but he always generates a strong theatrical response.

Where Barenboim's record suffers is in symphonic music. His 14 years in charge of the

Orchestra de Paris (1975-80) are remembered more for the hard work he put in than for a legacy of distinguished interpretations. And five years after he took up his Chicago appointment, the chemistry still does not seem to work. The players are divided about his attempts to soften the orchestra's sound - some have been in open revolt about his changes to the seating plan - and critics regularly take him to task for "inconsistent" interpretations and failure to clarify artistic objectives.

They also dispute Barenboim's plan to modify the acoustic of one of America's classic beaux-arts concert halls. In addition to new social and rehearsal facilities, Orchestra Hall is to get an enlarged stage, an acoustical canopy, revamped side-walls and a new gallery behind the orchestra. Barenboim insists the refit is necessary: "To play a musical note you have to play 60 per cent with your ears and only 40 per cent with your eyes. This is not possible in the acoustic at present. The players cannot hear each other properly."

Von Rhein has led the opposition. "The idea that we have to re-do Orchestra Hall to make up for the inarticulate heat of the music director is appalling," he says. "The supposed deficiencies of the hall never bothered Fritz Reiner [the conductor who moulded the orchestra's big, athletic sound in the 1950s]. Whenever Boulez comes, he has no problem getting the precision he

wants. With the right conductor, it's a perfectly fine acoustic for symphonic music."

Amid the controversy, it is easy to overlook what Barenboim has contributed to Chicago. He persuaded the board to introduce a pension scheme, enabling older players to retire in comfort. He has widened the repertoire: most of this season's programmes include a modernist or contemporary work. Barenboim has also devoted considerable time to the Chicago Symphony's training orchestra.

But he still seems like a fish out of water. His idea of sound is the antithesis of the aggressive, hard-hitting attack of the Chicago orchestra. He rents a hotel room and has made little attempt to integrate himself locally. His wife, the pianist Elena Bashkova, lives in Berlin with their two children.

Germany is also his musical home. In contrast to Chicago, where he has had difficulty filling Solti's shoes, the Berlin Staatskapelle is very much Barenboim's baby. With its emphasis on warmth rather than precision, the orchestra suits his style, and he has worked wonders in raising its standards. He also enjoys an easy familiarity with German musicians which is alien to the culture of US orchestras.

So where does Barenboim go from here? With only two years before the modifications to Orchestra Hall are complete, it seems unlikely he will stay in Chicago after his contract expires in 2000. His Staatsoper contract runs till 2002, and by his own admission he still has plenty of work to do there. After concentrating initially on German repertoire, he is encouraging a breadth of styles. There will be a Claudio Abbado-Jonathan Miller production of *Falstaff* in 1998, and Manfred Trojahn and Elliott Carter have each been commissioned to write an opera.

A more thoughtful personality in private than his rather arrogant public demeanour suggests, Barenboim says he does not want another big job after Chicago and Berlin. He wants to give more piano recitals, spend time at his Jerusalem house, give seminars to Palestinian students. In the 42 years since he sat at Furtwängler's feet in Salzburg, Barenboim has undergone enough experiences to satisfy anyone else over a much longer lifetime.

But it is hard to imagine him in contemplative mode while the musical world drives on. Given the chance, he would jump at the Berlin Philharmonic if Abbado stepped down, and he seems destined to play a part in the long-term future of Bayreuth. Conductors take time to mature, and Barenboim's maturing has only just begun.

Perils of partnership

Antony Thorncroft on the hidden pitfalls of lottery funding

On January 4 1994, the day that the Arts Council opened for lottery bids, Ian Albery, chief executive of Sadler's Wells, was at the top of the queue, seeking up to £30m to turn the third old lady of the Angel into a glass-fronted, state-of-the-art, dance house for London. Last October Sadler's Wells heard that its application had been successful.

In the next few weeks Albery could be contemplating a very different future - the permanent closure of the Wells. The Jeremiahs will have been proved right: the lottery, the much vaunted salvation for the arts, could be little more than a short cut to disaster.

The problem is partnership funding: projects seeking over £100,000 from the lottery must raise 25 per cent of the costs through their own efforts. The theory is excellent: only serious, well-supported, developments would get off the ground. The practice is that the Wells, situated in an impoverished part of London, with few corporate friends, is finding it hard to raise its £8m. Albery reckons that he has rustled up half. Will it be enough? Once again, in theory, all the funding must be in place before the bid is submitted. In practice the spectre of half-completed arts venues littering the landscape. In practice Sadler's Wells provides the first case to test the Arts Council's resolve. Albery is convinced that in time he will deliver his contribution. Will the council give him the time? It will decide next month. If the decision goes against the Wells its fate is sealed. After June no acts have been booked. With no advance box office revenue coming in Sadler's Wells will be unable to pay its staff. It will go bankrupt and close down.

It is whispered that there are some in high places prepared to let the Wells go, as an awful example to others. The theatre, which has experienced in its 70 years more last minute rescues than Clara Bow, may be saved through some generous gesture. Whatever happens the spotlight will be on the lottery as never before.

How typical is the plight of Sadler's Wells? Mary Allen, secretary general of the Arts Council, thinks it is an exceptional case. To date the council has made almost 600 lottery awards, of which around 450 are for sums under £100,000. In these cases the arts group has to raise just 10 per cent of the final cost and all seems to go smoothly. But the worries about the Wells have persuaded Allen to initiate research into the other 150 applications for larger sums. If, within six months, Sadler's Wells' confident plan for fund raising runs aground are there other quagmires ahead? Changes to the scheme are not being ruled out.

It seems as if the Cassandra-like warnings of Colin Tweedy, director general of the Association for Business Sponsorship of the Arts, that the partnership funding

needed to be raised (which in London alone exceeds £400m) is just not there, are being taken seriously. Obviously Tweedy is worried that arts sponsorship could be hit if his corporate members switch scarce resources to lottery appeals.

The problem centres on London where so many national arts institutions are fishing in the same lottery waters. Unlike the regions, where proud councils are prepared to support their local arts initiative, London's lack of a central authority works against it. The very success of the lottery, which has doubled, at the very least, the amount of partnership funding needed for projects, adds to the sense of impending doom.

The heritage secretary, Virginia Bottomley, is alive to the crisis. She is urging arts companies to show some gumption. As lottery funding could only go towards capital projects, she has managed to widen

Sadler's Wells' bid for £30m was successful - now it could face permanent closure

that definition to include the commissioning of new works, grants for talented young artists, ticket subsidies to widen access, even a capitalisation fund to pay off debts.

The same ingenuity could embrace partnership funding. Apart from the obvious sources of local, national and EC money, and private and corporate donations, arts companies can count on their applications support in kind, and recent, already paid for, improvements. Bottomley is also urging potential funders to look at the possibilities of the Private Finance Initiative. The final solution is for the funding bodies to relax their rules. The council could lower the contribution required from an arts company, although this would infuriate those who have played by the rules.

It seems that the corporate sector, which was expected to be a big contributor to new arts complexes, is reluctant to play along unless the Private Finance Initiative ensures that giving is an investment rather than a bequest. Otherwise shareholders will be asked at big donations to London based projects. Populist arts ventures, with strong local links to a potential corporate giver, will do better. Rich individuals, trusts and foreign supporters are the more likely beneficiaries.

So how stand the contestants in the great London lottery race?

The Tate Gallery of Modern Art on

Bankside is seeking £48m to match the £50m from the Millennium Fund. The Tate was the first out of the gates, and with a sizeable coterie of rich friends and patrons of art was a sure winner. By the end of April it should have raised the money, although it has proved harder than anticipated.

The British Museum is London's other big millennium project and as such is certain to secure the £72m it needs to create a new Great Court. It launched its appeal this month with two massive contributions, £6m from the Anneberg Foundation and £4m from the Sainsbury family for an African gallery in the Great Court wing. With £30m from the Millennium Fund this scheme has already raised over £51m and, given the international reputation of the BM, is home and dry.

The Royal Opera House has the full backing of the Arts Council in its plan to improve back stage facilities and was promised £78.5m last July towards its £218m re-development. Much of the matching money will come from £10m-plus pledges from Lord Sainsbury and Vivien Duffield, with the final £50m from cashing in on the retail value of the completed site. It will be amazing if Covent Garden did not make it. Its main problem is maintaining its reputation during its 1997-99 absence from Covent Garden.

The South Bank is seeking £42m towards its £130m conversion into a 21st century Crystal Palace. Much of the money will come from retail lets but a South Bank Foundation has been formed to get the £17m still needed. The money should be raised after a tight struggle.

The Royal National Theatre is one of many lottery projects which raised its bid - from under £10m to over £30m - when it realised the size of the money pot available. Its reputation should ensure it makes up for a slow start.

The English National Opera has a problem - whether to go for a relatively small sum, £10m for a superficial facelift of the Coliseum; or a larger sum, £50m, for a thorough overhaul; or a really tremendous sum - £100m - for a move to a purpose-built building on a new site. It is currently hiding behind a feasibility study but must act quickly to be in with a chance.

Other projects face greater hurdles and are only likely to succeed if the rules are changed. And they will be. The lottery has proved so successful that its impact is already being reassessed. First there has been the flexibility over capital spending; now the examination of the size of the partnership contribution. The next refinement will be using lottery money for endowments to ensure that the new arts venues have the means to remain open. The arts must move quickly because common sense suggests that they will find it impossible to justify absorbing such a large slice of the lottery in ten years time.



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The FT has once again negotiated a special discount on top price tickets for the final concert in the Barbican's Sibelius Symphony Weekend, for which The Gothenburg Symphony Orchestra makes a welcome return to the Barbican Centre under its Principal Conductor Neeme Järvi. To complete your enjoyment of the evening your concert programme comes with our compliments.

SUNDAY 14TH APRIL

Sibelius was constantly preoccupied with mythology, and *Pohjola's Daughter* is one of a number of his works that draw on the Finnish national epic the *Kalevala*. The Sixth Symphony was described by the composer as a poem, and it is perhaps one of his most personal works. The climax to our concert is provided by the energetic Fifth Symphony, whose heroic mood and vivid colours have ensured its continuing popularity.

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TRAVEL

A peaceful beauty: Lucerne in winter

Nicholas Woodsworth finds a way of leaving behind the madding crowd of winter sports enthusiasts to discover a gentler environment

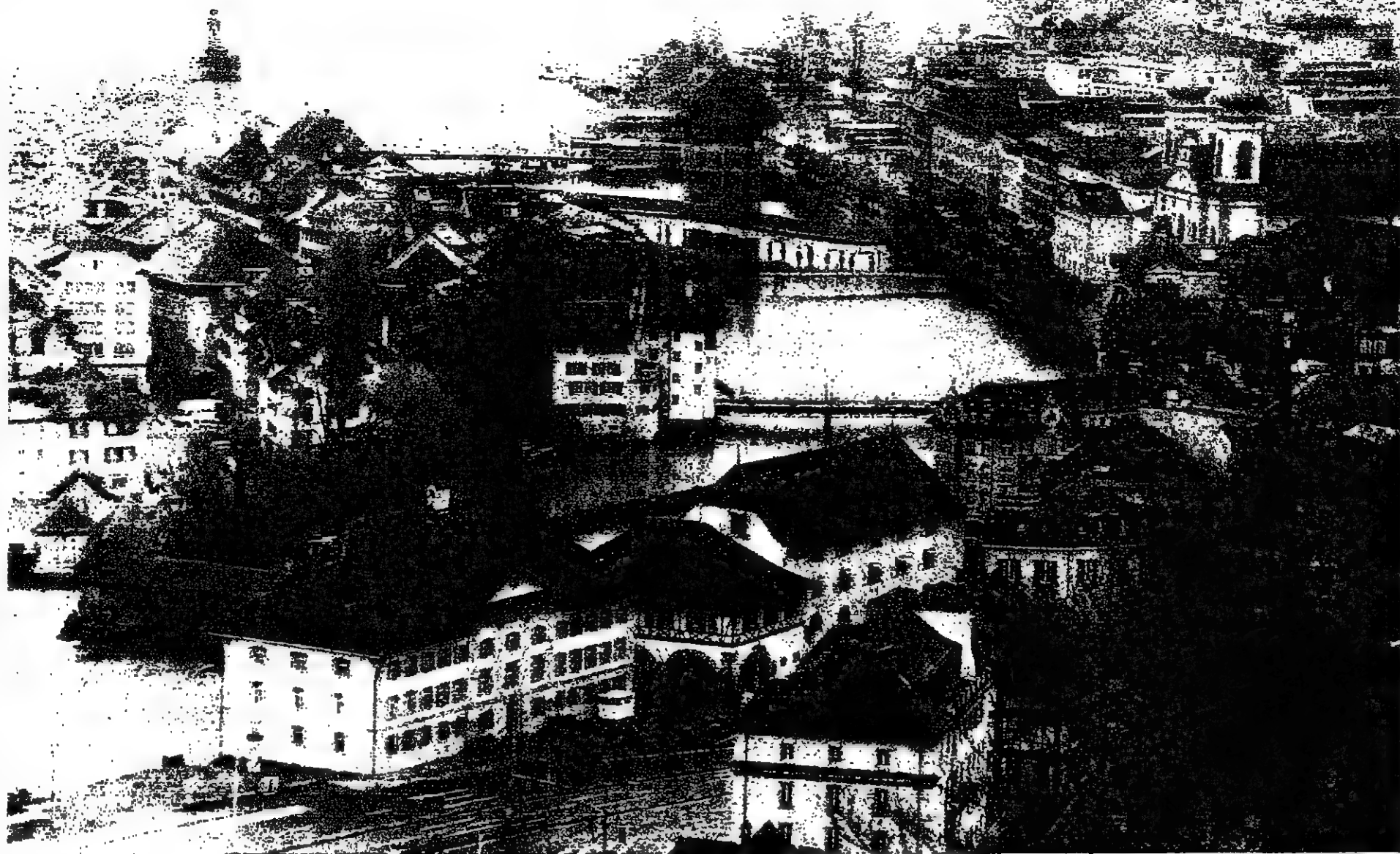
There were not many people aboard the Brunnen, a long, clean, white ferry that plies the towns along Lake Lucerne. I was glad. In summer, when the countryside's green alpine meadows are as meticulously tended as the cities' window flower-boxes, the Swiss heartland is jammed with tourists - there is barely room to swing an alpenhorn. Now that the crowds had fled to Davos, St Moritz, Zermatt for the skiing, what, I wondered, was wintertime Switzerland like for ordinary tourists - for non-skiing visitors like me?

The lake stretched ahead, silvery-grey under a pale sky and hazy sun. On either side of it steep hillsides sloped down, snow covered to the water. Lakeside hotels, summer chalets, *la belle-époque* châteaux, most of them closed for the season, drifted by in a monochrome world. There was none of the loneliness of out-of-season resorts, though: here snow seemed merely to bring peace and a blanketing silence.

Hertenstein, Weggis, Vitznau: at each little church-spired village along the lake the Brunnen sounded its horn and cut in towards the quay. On most of the world's ferries - Staten Island, Stockholm Harbour, the Star ferry to Kowloon - disembarkation is generally a hurried affair. A gangplank is run forward, a chain is removed and the crowd surges ahead. But on Lake Lucerne, casual informality is out of the question - it is not the Swiss way.

As the boat edged alongside, an officer in gold braid came down from the bridge and stood ceremoniously by the gangway. Another crew member stepped ashore and wheeled an aluminium ramp into position. Yet a third crewman, a Master of the Broom, came forward and ritually swept every last flake of snow and ice from every last centimetre of the ramp. Only then could passengers move on or off the Brunnen. Method, precision, punctiliousness - without them Switzerland would come to resemble the more common, garden-variety nations of the world.

I got off at Vitznau and walked over to the two railway carriages sitting at the end of the quay. This was no ordinary train, but the RigiBahn, the first cogwheel train to be built in Europe. In 45 minutes it



Lake Lucerne: 'It could not have looked more romantic than in the snow-filled, gathering gloom of a winter evening'

takes passengers up Rigi-Kulm, an alpine pilgrimage popular even last century, to a summit at 6,000ft.

There was no winter solitude here. Outside, the carriages bristled with skis; inside they were loud with the excited voices of Swiss children on their way up to the mountain's ski pistes.

Half-buried barns, orchards, farmhouses, stands of tall pine trees - as the train rose at an

alarming angle and the lake quickly receded into the valley below, I watched the snow-bound mountainside slide by and tried to imagine what life on a steeply angled farm must be like. It was the kind of place where cows with one pair of legs longer than the other might be useful, I thought.

Soon I gave up any kind of conjecture at all, though, for as we rose, the farms, along with the rest of Rigi, vanished into a

thick winter fog blanketing the mountain.

In spite of the reportedly breathtaking view, I cannot say what even the top of Rigi looks like; three steps from the train and I was groping and lost. But I had the consolation of being in good company. Last century Mark Twain climbed Rigi in the dark in order to see the dawn. He, too, became lost, ended up on the wrong side of the mountain, and failed to see

the sun rise. He refused to admit his error, however: it was the first time since Creation, he claimed, that the sun had risen in the west.

It was snowing heavily by the time the Brunnen docked once again at the quay in Lucerne. But the grey sky and big, slow-drifting flakes did not stop me from walking about the old quarter of the city. *Mittel Europa* in mood, medieval in construction, it could not

have looked more romantic than in the snow-filled, gathering gloom of a winter evening.

Along the river Reuss, white geese paddled about near the celebrated stone water tower and covered wooden Chapel Bridge. Upstream, near the 16th century Sprenger Bridge - adorned, like its neighbour, with a series of medieval gable tableaux - two fishermen stood silent and motionless by a smooth-surfaced weir.

In the narrow streets between the fountains of the Kappelplatz and the Weinmarkt, shoppers walked softly through the snow past renaissance-frescoed facades, tiny shops and covered passages. It was a winter scene by the elder Bruegel. So long did I linger over it that by the time I

returned to the Jesuit Cathedral along the river-front its two great onion-shaped domes had disappeared into the night.

But the Swiss winter is not all greyness and medieval melancholia. In the high Engleberg Valley, less than an hour from Lucerne, I spent the next day drenched in bright mountain sunshine.

From my room at the Edelweiss Hotel on the hill above the town of Engleberg, I looked straight out on to Mount Titlis. At 10,000ft its summit is renowned as the highest panoramic viewpoint in central Switzerland. And so it is - from here I gazed out on to an endless sea of white peaks - the Jungfrau, Mönch, the Matterhorn, the Eiger and a dozen other well-known mountains.

In fact I found Mt Titlis - the view, the rotating cable car, the bar carved into the ice-face of the summit's glacier, the souvenir shop, the karaoke room - all a bit too grandiose, too spectacular. Perhaps my fellow tourists, almost all from east Asia, did not mind the crush and the noise and the crowds. But I did. I descended the last two miles of Mt Titlis on a rocketing ice toboggan, a guaranteed way of leaving even the most madding crowd behind.

All I had to do to remedy the situation was take the cable car up Brunni, at 8,500ft a less imposing massif on the other side of the valley. From here, a delightful *wanderweg*, a winter footpath, led across the snow, away from the pistes, and into empty stretches of sparkling white mountainside.

Apart from the peregrinators, those madmen who throw themselves off mountain-tops in flimsy contraptions of cord and coloured nylon (and they were hundreds of feet over my head), I was away from hobsnotters, skaters, curlers, skiers and all other manner of sportsmen.

Was wintertime Switzerland a place where a non-skiing tourist like me could enjoy himself? Down I trudged, musing, through snow-flate-pangied pine forests, past little mountain farms where brave farmers stood looking

hay in snowy barnyards, past white churches glowing in the sun. Before I reached Engleberg in the dark shadow of the valley below I knew, of course, the answer was yes.

■ Nicholas Woodsworth's stay in Switzerland was arranged by *Intertravel*, specialists in European winter holidays, Egham, Surrey, Tel: 01633-638711, Fax: 01633-638711.



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Check-in / J.D.F. Jones and Jules Cashford

South Africa's country house hotels

The flights to the New South Africa are packed; the country is as ravishingly beautiful as ever; the exchange rate is so favourable that you no longer need to hesitate, out of laudable scruple, to visit the former apartheid state.

When you go, you need to know about one of South Africa's lesser-known and excellent phenomena - its "Country House Hotels". There must be several score of them, focused on the principal tourist areas of the Cape, Natal and the Eastern and Northern Transvaal, ranging in size from the tiny, with perhaps six rooms, to the more conventional, occasionally with 50, and many of them are remarkably good.

There is never any need to dress up - "smart-casual" is the South African jargon which signals merely that you are asked not to wear shorts and T-shirt at dinner - but everything else goes. You are, after all, out in the bush - and often you will have spent the day in the bush, game-watching, walking, fishing, whatever. A few generalisations are possible.

■ You will usually find yourself in deep and beautiful landscape, often miles away from the nearest town and at the end of a red dirt track (so try to

arrive before dusk) - yet when you get there, the emphasis will be on the hotel's own wonderful and well-watered gardens rather than on the surrounding countryside. We have a suspicion that many guests never go beyond the lawns, the pool, the brightly coloured birds and the stomp.

■ The biggest emphasis is always on the food. There may not be any pressure on the guests to do anything but they will be expected to eat, and drink, to a standard unusual even in South Africa's biggest cities. The food will be very good and plentiful. There is a widespread preference for scattering every dish with asturdium flowers - that sort of thing. The service is sometimes simple (if African) or over-litigiate (if carried out by mine host and his lady, both of whom are usually youngish, personable, and very friendly. Expect to be addressed by your first name).

■ There will be a similar emphasis on the wines. You will be expected to be able to discuss pinochets and "cabs" of the local estates (you can always mug up beforehand on John Platter's annual *Wine Guide*), and it's easy to bluff.

■ The décor tends to the twee. In your room, everything will be Over The Top - not just the stacks of gels

and unguents in the brass-knobbed bathroom but in the "individualised" furnishings of every suite or cottage, with artefacts, antiques, books, knick-knacks, potpourri, engravings, flowers, littering your room.

■ Do you want to be within reach of a game park, or the ocean? Check the map: the distances are in days, not hours; you will have to hire a car. There are game parks in the Transvaal and Natal which can be visited easily from outside if you do not want to stay in a lodge, though a lodge is a more certain way of finding game if you are keen on the Big Five instead of millions of impala.

■ Are you sure you want to be really and truly in the *bush*, with no sound but the humming of the African stars and then the dawn chorus to wake you long before the clatter of tea and juice and rusks. (If you do not, then you might prefer, for instance, The Plettenberg, which is an excellent, internationally endorsed hotel but it is hardly "country house" since it is bang in the middle of the fashionable and fast-growing coastal resort of Plettenberg Bay.)

■ Is a swimming pool (or tennis court) important to you? It would be wise to check the size of the pool.

Some can be far too small. The newish Blue Mountain Lodge in the Eastern Transvaal, for example, has a magnificent pool whereas the older Mount Sheba Hotel in the same region has an adequate pool but an extraordinary setting, high up in the Berg. Further north, in the "Wood Bush" of Rider Haggard and John Buchan, the Coach House, near Tzaneen, has a fine pool with one of the most remarkable panoramic views in Africa but the hotel is rather larger than the average. Nearby again, higher and cooler, is the excellent Glenshiel Country Lodge at Magogashoof, with a special sense of privacy.

■ Do you prefer something small and hideaway? If so, try the Frangipani Lodge, outside White River (also in the Low Veld of the Eastern Transvaal), with half-a dozen rooms, total peace, an extremely personal relationship with the owners, no check-in, no check-out time, no keys, no TV in the room, unceasing bird song and the most delicious food in the country.

Nearby is the famous Gysbeke Forest Lodge, which now has its own international reputation and has become positively glamorous. This is to emphasise, unfairly, the Eastern Transvaal. The same story

applies elsewhere. The Cape has a rash of the places, often striding the wine route around Stellenbosch, and they now extend up in the Western Cape and back along the more manicured Garden Route which leads to Port Elizabeth.

Finally, there is a cluster of these hotels in the Natal Midlands and edging up on to the Drakensberg mountain range. Why stay in the swelter of Durban if you can climb so swiftly up a dramatic main highway to the cool misty outside Pietermaritzburg - for instance, to our own favourite, the Old Hallwell outside Howick?

The pound sterling now buys about 5.7 rand. I have never known any where in the world, heard myself talking an hotelier that his prices are too low. In South Africa these days, it is undeniable.

■ One of the most convenient ways of tracking down these country house hotels is through the useful series of "Portfolio" publications, though it should be remembered that the lists are not comprehensive and some of the very best hotels are missing. The South African address of Portfolio is PO Box 52350, Sandown 2132 (fax 0027-11-783 4502) but there is a UK agency at Collingwood on 01276-24263 (fax 01276-27882).

space to cover the history and development of arms and armour fully.

The Leeds museum is seen as a set-piece for government-inspired public and private sponsorship management. It is funded partly by a £20m investment from the Department of National Heritage, £5m from Leeds Development Corporation, £3.5m from Leeds City Council and £14m of loans and equity from an investment consortium led by 31 and including Electra Investment Trust, Yorkshire Electricity, Gardner Merchant and the Royal Bank of Scotland.

Admission prices will be £5.50 for adults and £3.50 for children, or £19.95 for a family of four. Children under five go free. The Filson National Hotel is offering complimentary visits to the museum combined with weekend breaks from £32 a person a night. Tel: 0345-581695, quoting HF for details.

Richard Donkin

words clashed in simulated mortal combat across a blood-stained floor in Leeds last week. The fighters were actors playing out the duel between Mercutio and Tybalt in Shakespeare's *Romeo and Juliet*. But the blood was real enough, split by a workman hurrying to complete the £42.5m Royal Armouries Museum in time for its opening on March 30.

John Waller, the museum's director of interpretation, says the duels in *Romeo and Juliet* are perfect for judging the success that an Italian master swordsman may have enjoyed against his hacking English counterpart. Although Mercutio is Italian, his fighting style is English, says Waller. He believes Shakespeare deliberately moulded Mercutio's swordplay to win empathy with the English audience.

An earlier scene, re-enacted by Waller's team, depicted a fight among swashbuckling youths typical of those held

weekly at Smithfield market in London during the Elizabethan era. The swash, an onomatopoeic description of both the swagger and the cutting English swordstroke, was combined with the buckle, a small defensive shield, for these regular displays of youthful aggression.

Just how deeply these observations were grasped by a group of youngsters previewing some of the museum exhibits, was unclear. Most seemed disappointed at the mundane explanation of the blood.

In spite of the reputation of modern youth, the sight of armed curators did seem a little excessive until it was explained that getting equipped for a scrap is part of the job in this, one of the UK's biggest museum developments of the past 50 years. The

museum retains conventional displays of wall-mounted swords and case exhibits but there will also be demonstrations by a team of nine actors, trained in different combat techniques.

So while Italianate swordsmen are engaged in a typical Venetian duel in one section, armoured foot soldiers are trying to pole-axe each other in another.

Authenticity is paramount, so it was with some apologies that various exhibits were put through their paces. The Elizabethan falconer was using a Goshawk, and his dogs were modern breeds because the old types are not around any more. The curators found the nearest thing to 15th century chargers used by French knights at Agincourt,

were Lithuanian draught horses, four of which are being imported for jousting displays.

The English bowman had not yet found a yew bow but was making do with a hickory substitute. And the Duke of Marlborough's musketeer was going through his paces without the early flintlock musket he would have used at the time. But the exhibits are coming together in an ambitious project to unite the disciplines of theatre and curatorship.

Guy Wilson, master of the armouries, needed both diplomatic and some combative skills to transfer a large part of the Royal Armouries collection from its home in the Tower of London. Moving museum exhibits is like pulling teeth, such is the outcry from those who have become used to having them in situ.

Some have argued that the collection is so bound up with the history of the Tower that it should not have been touched. Wilson says the move made sense. "We think it's the right thing to do. We have an embarrassment of riches which we could not exhibit properly in our two existing sites, the Tower and our artillery museum at Fort Nelson in Portsmouth."

Most of the collection dates from the reign of Henry VIII when he decided to clear out his old armour and start again. The bulk of it, much of which was in storage, has been transferred to Leeds. Most of the royal suits of armour will remain at the Tower, however, to feature in an exhibition recounting its 900-year history.

This leaves the 13-acre Leeds museum with the scope and

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As our guide predicted, he showed little apparent interest in money, saying "pay what you like" when prompted. Guilt and peer pressure did the rest. I handed over a modest contribution. I still haven't tried Dr Ho's remedy. But I did get it next customs.

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GARDENING

Beautiful harbinger of spring

Robin Lane Fox is in love with Adonis, the freshest and brightest yellow flower

Two Sundays ago, the one thing to be was a spring crocus. The sun opened the flowers on that pair of spring beauties, Cream Beauty and Blue Pearl: the season was officially open, but my eyes and thoughts were elsewhere.

Two weeks before, I had at last acquired an Adonis. The family is not common in gardens, but it has memories and an appeal to me which make early spring gardening special.

Each year, in March, patches of wild Adonis open their wide flowers, like fresh yellow daisies, above tufts of ferny leaves in privileged areas of central and south western Europe. They prefer sharply-drained heath with quite a proportion of lime.

They are lodged in my mind from days in Bavaria where they would burst into flower as the hellebores faded on the lower slopes of the great Alpine collection in the Botanic Gardens in Munich. I would eat my breakfast, admiring Adonis vernalis as the sun first tempered the winds on the turn of a Bavarian spring.

Adonis has a long history, much of it mythical and far removed from these glorious flowers of European spring. In legend, the ancient Greeks said that fair Adonis had been loved by Aphrodite, their goddess of love, in Lebanon and Cyprus until he was tusked by a boar out hunting and stained the ground with his blood.

His divine lover went into mourning, but blood-red flowers grew where his wound hit the ground. In the Lebanon and Cyprus of today, you will not see my yellow Adonis which has never been a native. The flowers which commemorate him are the blood-red anemones of early spring which are about to open to their best.

In antiquity Adonis had a place in gardening, but it was a link of a very different kind. Between late spring and early summer, women in the cities of the classical Greek

world would sow their own Adonis gardens.

Their chosen seedlings included lettuce and fennel, quick germinators which they raised in soil on shallow pots and broken pots which they then exposed to the heat of the sun. On their rooftops, these seedling gardens withered and were then thrown into the sea, while the women lamented the fair Adonis and mourned for the lovers whom they had either enjoyed or wished that they had found.

This yearly ceremony, say the experts, gave scope for "unbridled emotion" in the circumscribed area of ancient women's lives. It reminds me of window-box gardening in modern Chelsea where female owners go after a lover at weekends and forget to water their plants in a heatwave. Their Adonis is one thing, but I must emphasise that mine is altogether something else.

To see it is to love it for its own sake, the freshest and brightest yellow as the garden prepares for the first narcissus.

In Britain, however, it is not easy to see it or grow it for yourself. The wild Adonis of Europe is not easy to raise from seed and only twice have I been successful in many attempts from the seed-lists of botanical gardens.

Plants hate to be divided, but Adonis vernalis now has six suppliers listed in *The Plant Finder*, each of whose stocks are scarce and expensive. The more usual varieties come from Japan, one of which is double-flowered and another is called Fukujaki. It goes without saying that they have none of the quality of our own, neglected vernalis. My plant cost me a justified £5 from Edrom nurseries in Scotland.

Thirty years have now passed since I first saw this divine plant at its best. It seldom appears in Britain nowadays and, as time passes, you begin to wonder if the eye of your youth was over-estimating. It did no such thing and I still believe that this one wild



Adonis vernalis: to see it is to love it

The Garden Picture Library

lower is unsurpassed in Europe's spring.

Great alpine gardeners of the past have claimed that the wild pyrenean Adonis is even finer, but no one now grows it or sells it and one day, I will have to make the climb and prove them wrong.

Meanwhile, an Adonis likes sharp drainage before all things. Lime in the soil and not too much sun or

drought in summer. It is not difficult to grow, but it is extremely awkward to increase. Later in the season, it dies back to a few central shoots from which come new buds.

In ancient myth, it was said that the dead Adonis was so beautiful that two goddesses fought over him and ended by restoring him to life and dividing his time between the underworld in winter and the sun-

light in summer.

Once again, my Adonis is much better than theirs. Properly grown, it should stay all year in this world's company. One of the beauties of wild nature which no accident or divine favour is needed to preserve. Grow it if ever you find it and count yourself lucky when the yellow flowers declare the next season's gardening open in the sun.

Heritage / Clive Fewins

A struggle to stay out of jail

For the past three years Andrew Plumridge has found it increasingly hard to drive from one place to another in a straight line.

In 1992 he started a survey of all the village lock-ups - mini-jails - in England and now his travels by car are likely to be diverted to seek out these intriguing reminders of the country's criminological past.

His researches have taken him to places as curious as the old lock-up at Pangbourne, Berkshire, which has a dovecote above. "An incredibly noisy and smelly place in which to be confined," he said.

"My colleagues have grown accustomed to the somewhat unpredictable routes I take when I am travelling to see clients in other parts of the country," said the 34-year-old Newbury-based architect. "Fortunately, as I am senior partner I can get away with it - as long as I do not spend any of the practice's money on my hobby."

Plumridge, whose other passions include folkies, stocks, pillars, gibbets and whipping posts, saw his first lock-up in Castle Cary, Somerset, many years ago. It is a well-preserved small stone structure that is said to have been the origin of the shape of the British bobby's helmet.

But it was the lock-up in Lingfield, Sussex, that inspired him to form the Village Lock-Up Association. "It looks like a miniature chapel," he said. "It is a small building, yet built out of enormous sandstone blocks. After seeing it I became really hooked on village lock-ups."

His enthusiasm to find and record as many as possible of these buildings has taken Plumridge to more than 100 lock-ups in 14 counties - about half the number so far catalogued by himself and his friends. He believes about 600 remain of the thousands built in England, mainly between 1740 and 1840.

"It was necessary to form an association in order to apply to the Department of National Heritage for a grant," said Plumridge. "If people are interested in our work the best way they can help is to write and tell me of village lock-ups they know so I can add to my list any with which I am not familiar."

Even with free labour from himself and his friends, Plumridge reckons the project will need £20,000 if he is to succeed in his aim of producing a complete catalogue. He is

hoping to gain a grant from the government for half this figure, and is also seeking sponsorship.

Plumridge believes the task is an urgent one. "Many people are just not aware of the richness of the styles and materials in these fascinating small buildings," he said. "Although the majority are well cared for a number are in poor condition and a handful are under threat of demolition."

"Most village lock-ups were built to enable the village constable or beadle to detain lawbreakers overnight. They were usually built by the parish or local benefactors - often in stone or the best available local materials."

"By 1835, when it became compulsory for each county to establish its own paid police force and provide proper police stations, they went out of use. But some were still used for housing prisoners en route to assize courts."

"Many places that were villages when they were built have grown beyond recognition. Among these are Hampstead, Amersham, Painsley and Thornbury, north of Bristol. In general, old lock-ups are found near the village green, market square or the former village pound. Sadly they are often rotting and dishevelled, though I know some places where parish councils have gone to enormous lengths to restore them and enable them to be inspected by visitors."

"It is not always easy to recognise these buildings. One or two are very tucked-away, as in the case of West Wycombe, where the lock-up is built into the side of an alleyway under the 18th century church loft."

Others that are hard to find, he said, are beneath town halls, such as the one at Bishop's Cleeve in Shropshire that has been converted into a public lavatory.

"Others, like the one in Chorley, Cheshire, have been converted into private houses or absorbed into other buildings. Two can actually be slept in. They are used as bed and breakfast accommodation in Farndon near Chester, and Wirksworth, Derbyshire. So it is still possible to spend a night's bed and breakfast behind bars without being under arrest."

■ *The Village Lock-Up Association, 7 Inch's Yard, Market Street, Newbury, Berkshire RG14 5DP.*

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PROPERTY

Farmers ploughing profitable furrows

And that's why they are not keen to sell, says Gerald Cadogan

Since the trough of 1992-93, the market for agricultural land has enjoyed a spectacular bull run. In 1995, farmland values rose by 29 per cent with prime arable land increasing by 37 per cent. There has been a 93 per cent prime rise and 67 per cent general rise since 1992.

But that raises questions. For how long can the bull keep running? What is the future for UK farming? Should one sell now? Yes, is the short answer to the last question from the institutions, but private investors may well decide to continue adding to their land.

They can easily increase profits by spreading the same fixed costs (men, machinery and buildings) over more acres. The variable costs are seed, fertiliser, pesticides and herbicides.

In January, Sun Alliance sold two farming estates totalling 5,640 acres in Yorkshire and Norfolk at well above the guide price of £7.25m. Those institutions which bought in the 1960s when land moved off the £100-an-acre norm that it had stuck at for 25 years, having been rock-bottom in the early 1930s, would have made a good return. The confident buyer from Sun Alliance was Albanwise, a Norfolk family trust which has 9,100 acres in Norfolk, 6,900 in Yorkshire and 1,000 elsewhere.

Both estates were next to existing holdings and were part of a long-view strategy, says Peter Day of Sidwells, who represented Albanwise. Brown & Co was the selling agent.

Prime arable land, says Jim Ward of Savills Agricultural Research, has risen since 1992 from an average £1,300 an acre for bare land to just under £2,500. Small parcels do even better, often topping £3,000 an acre. The best farmland can reach £5,000-£5,000, Smiths Gore's farming newsletter reports.

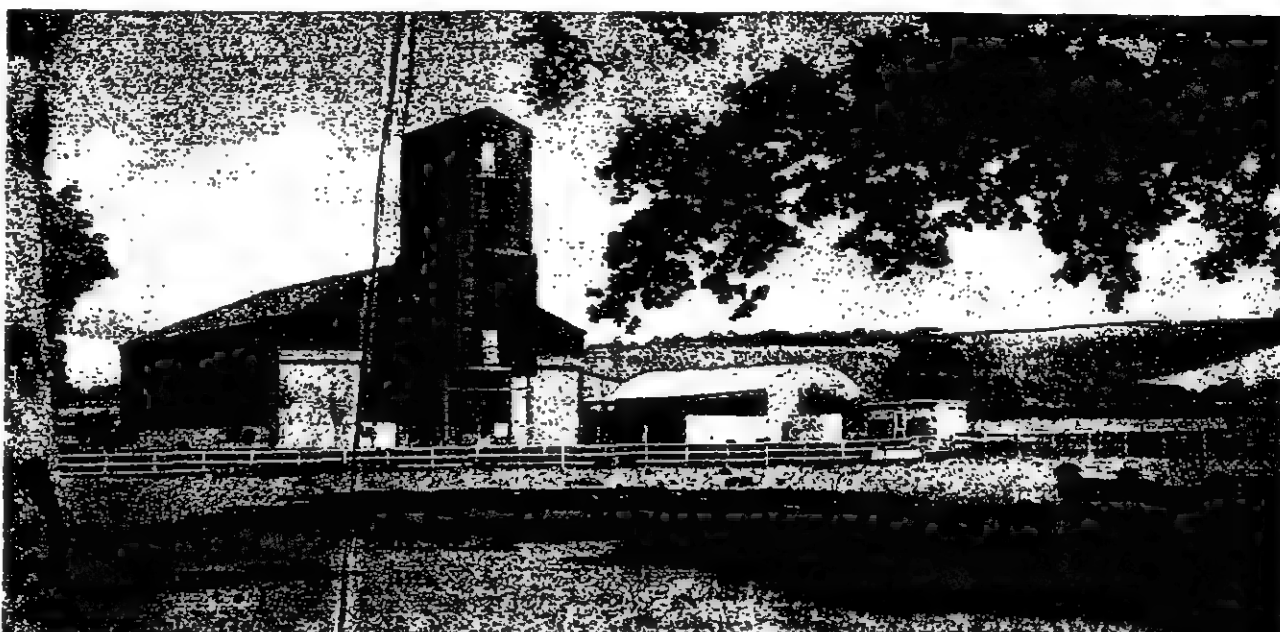
Farming is a classic case of the way devaluation benefits industries that are not big importers. Black Wednesday in September 1992 was the catalyst that freed agriculture from the doldrums of recession, because farm support money from the European Union is denominated in euros. Overnight it was worth more pounds, in time for the start of set-aside and arable aid payments in 1993. Since then the weakness of sterling has continued to bring "green pound" gains (8.5 per cent in 1995).

Set-aside was designed to stop the EU producing surpluses that pushed prices down, hurting small farmers in France and Germany. The method was to pay farmers not to farm the land. In 1996 a farmer may put 10 per cent of his land into set-aside and receive £138 an acre (£240.95/hectare).

He also collects money for the other 90 per cent of his acreage if it is arable and registered for arable area aid. This ranges from £269.17/hectare (£210/acre) for cereals to £530.38/hectare (£212/acre) for linseed - which explains why we see so many fields of blue linseed nowadays. Eligible land costs around £700 an acre



Marley Hall Farm and 485 acres of arable land in Herefordshire is on offer for more than £1.75m



Business Minister within in Dorset, 815 acres for sale at more than £2.9m

more than unregistered land.

The surge in grain prices has been the icing on the cake. The world price for wheat rose about \$30 over 1995 to \$200 a tonne. While demand is said to be soaring for western-style wheat bread and white meat (eg. chickens) fed on grain in China and south east Asia, world stocks are down to 30 days' supply (the lowest for

almost 30 years) and the EU's reserve of 6.3m tonnes is way below expectations. Set-aside is obviously having its effect.

The farmer cannot grumble when he adds up the gains. With cereals he may expect to gross £440 per acre on a typical yield of 3 tonnes of wheat an acre (£110/tonne). Unsurprisingly, fewer farmers had to sell in 1995 because

of debt. Ward estimates these sales fell to 14 per cent of the total from 34 per cent in 1994, while retirement or death sales, taking advantage of the buoyant market, went the other way - to 24 per cent from 14 per cent in 1994 and 6 per cent in 1993.

Profits will probably continue in 1996. On that basis, Ward forecasts a modest rise in

land prices of around 8 per cent from an average £2,200 an acre to £2,300, and expects a dip in 1997-98 when they may return to 1995 levels.

But the unexpected always lurks in farming. One cannot predict this year's harvest, but there is a big change in the supply. The US is cutting its version of set-aside to save government money, and it is likely

that this year more than 10m acres will be in production again. That may force down the world price of wheat, or world demand may sop up the extra.

Longer term, uncertainty hangs over the future of the EU arable aid payments, especially with eastern European countries joining, and over the CAP and the EU's relations with the Gatt. If arable aid ceases, those who have been buying unregistered land at £1,500 an acre (as against eligible at £2,200) may have bought at an attractive discount.

Should farmers sell now?

There could hardly be a better moment. Neighbours will be glad to divide your acres, although some will see this as a good reason not to sell. Other potential buyers are sitting tenants eager to acquire their freehold, UK investors with funds that qualify for CGT relief, and Dutch and German who like the UK way of farming and can use their own strong currencies to buy what they see as cheap land.

Institutional ownership peaked at 550,000 acres in 1984. Ward reckons, and is now below 150,000 acres. Bertie Ross, also of Savills, explains the fall partly as a result of the retirement of the enthusiastic fund managers who bought the farms 20 to 30 years ago.

Anyone who bought farmland in 1992 could now bank an almost 100 per cent profit. But the farmers are not selling. Nicholas Hextall, of John D. Wood in Oxford, has toured the county to find clients to sell "but I still await the green button". It amazes Clive Hopkins of Knight Frank that "not more farmers are capitalising on such favourable market conditions".

Why not? Because of farmers' pride, suggests a recent graduate of the Royal Agricultural College at Cirencester. "They see the advantages, and jump the other way."

There is another view. The "absolute dearth" of farms for sale on the open market exists, says Day, "because nobody sells on a rising market". He expects few sales in 1996, probably more in 1997. It will take "a fall in income and profits" to cause sales.

Two possibilities - in Herefordshire from Knight Frank (01482-273087) are Marley Hall Farm with 485 acres of grade 2 arable land (offers over £1.75m) and Hollington Farm with 400 acres mixed dairy/arable land (£1.8m). In Dorset, Strutt & Parker (0171-629 8272) is asking more than £2.9m for the 815-acre Iwerne estate, with a top-class shoot and planning consent for a substantial house.

An Englishman's home...

...is a French barn - or, at least, it can be, says Clive Fewins

Bob Leeds nearly gave up importing French barns for reconstruction as homes in the UK while the business was still in its infancy. Three years ago he arrived in the Normandy village of Neuchâtel-en-Bray to dismantle a barn to find the farmer who owned it had already done the job.

"It was August 3, and he was anxious to get away for his annual summer holiday, so instead of waiting for me to arrive to supervise the job he went ahead on his own," said Leeds, 57.

The Englishman's French was not good enough to express his feelings in true Gallic fashion. He had to accept, with reluctance, the *fait accompli* and start the task of numbering and tagging about 700 different parts of the timber-framed building before shipping the entire structure back to his Cambridge base.

"It would have been a great deal easier to have done the tagging in my normal way - while the building is still standing," said Leeds. "Fortunately, I was able to refer to photographs I had previously taken inside the structure, but it was a huge task matching all the timbers so that re-erection in England would be relatively simple."

Since last August the Normandy barn - which dates from 1735 and had been used most recently as a cowshed - has been the four-bedroom home of the Martin family in Horseheath, near Haverhill in Suffolk. Twelve miles away, in the village of Haslingfield, west of Cambridge, are two more barns that Leeds imported from Normandy. He erected the older of the two speculatively as part of a four-bedroom 2,000 sq ft house on an 8½-acre plot he bought in 1991. For the past two years it has been the home of William and Jennie Armes.

The other building, on the same plot, was built to contract by Leeds for the owners, Clive and Penny Birch, who moved in last December. Leeds re-erected the barn frame to suit the Birch's design. "We are delighted with the result. We love the internal timbering, which has great character and gives the building a feeling of great age. At the same time we prefer it to an old cottage as it is more conveniently laid out and has better insulation."

The three barn homes show



Horseheath barn now in Suffolk, as it originally stood in Normandy

the adaptability of Leeds' method. He can either re-erect the complete barn, or a section of it, or, as with the homes at Haslingfield, combine part or whole of the barn frame with new-build.

"In France the barns were just skeletons," Leeds said. "There was little left of the outer cladding, and in some cases very little roof. The French farmers' attitude to these derelict buildings is to attach a tractor and chain to them and pull them down. Like to think I have managed to save some of the best of them and put them to good use."

The Martin's barn home at Horseheath is a complete structure. Apart from the porch, which Leeds added using timbers salvaged from another Normandy barn, the frame has been re-erected exactly as it was when it stood in a corner of a French field and housed bullocks.

Shelley Martin said: "We were really looking for a picture-book old cottage but eventually chose this barn conversion because of its location and because the use of the upstairs space is much better than in most traditional cottages."

The Horseheath and Haslingfield barn homes are three of the seven French agricultural buildings Leeds has dismantled and shipped back to this country. One lies in store at a pig farm near his home and the other three structures were sold on to other builders who subsequently re-erected them.

Leeds carries out the barn reconstructions as part of his six-man Cambridge-based building company, but he would like to concentrate exclusively on the barns. "I love this sort of project

because you really have to use your skills. Everything is non-standard," he said. "This is a means of making use of lovely traditional structures that would otherwise be left to decay and rot. In France people seem to have a different attitude from us. They are not so fussy about their traditional farm buildings. I have seen some French barns pulled down and used for firewood."

Not everyone shares Leeds' enthusiasm. Rob Walker, conservation officer for Cambridgeshire, describes Leeds' activities as "an awful nonsense".

"We ought to aim at preserving our own heritage and construct good new buildings in the local style," he said. "I would have thought French conservationists would be livid about it."

English Heritage also has reservations. Oliver Kersey, deputy director of conservation, says that even small-scale removal could denude Normandy's vernacular architecture. "Both the original site and the building lose a lot once it is taken out of its setting," he said. "English timber buildings have local styles and preserving them is important. Bringing Normandy buildings to an English village would make people in years to come wonder what they were looking at."

However, Leeds says he encounters few problems with the planners in south Cambridgeshire, the authority in the area in which his projects lie. "Here the planners see my imported barns as new buildings," he said. "It is much easier gaining planning permission to re-erect them than

it is to convert existing English barns into homes."

"In this country planning policy in recent years has made it very hard for people who like barns to find one, buy it and convert it into the sort of house they want to live in. Using these imported structures we have the freedom to tailor the building to clients' needs. The result is homes of great character."

"Further, because the timber frame is cleaned up and on full view inside the building the occupants are able to see and appreciate the quality of the original joinery, which it would be very hard to recreate given the time constraints we face today."

In spite of the novelty of his idea and the fact he has a database of almost 300 names in the UK who have expressed an interest in his homes, Leeds has slowed the pace of his barn conversion activities.

"Despite the fact that the barns sell at up to £300,000 I would find it hard to make a living out of doing them all the time," he said.

"The margins are very small - a maximum of 5 per cent. Really this is because of the way I do the work. I enjoy it so much that I get carried away and spend too much time on them."

In January Leeds teamed up with a Lincoln-based husband and wife project management team, Kieran and Teresa Gardside. The Gardsides will be responsible for marketing and promoting Leeds Heritage Barn Homes, while Leeds works on ways to make the project more of a money-spinner.

"I have nearly given up the barn work on several occasions," he said. "However, I am reluctant to do so because what began as an idea while on holiday in Normandy eight years ago has proved an interesting activity that meets a need."

"I also have options on two watermills and a dozen more semi-detached French barns that could well be turned into useful homes on this side of the Channel."

"With proper marketing and exploitation I believe it could be expanded into a much larger business venture - and also save countless French barns that are currently in a state of dereliction and decay." Leeds Heritage Barn Homes, 72 Fulbourn Road, Cambridge, CB1 4JN. Tel: 01223-245653.

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SPORT



Paul Ince in action during his debut for Inter Milan against Fiorentina

Mark Thompson/Albion

Soccer / Peter Aspden

The last piece of the puzzle

He may be keeping it quiet but the England manager, Terry Venables, has at last had a lucky break. Venables spent much time this week in the limelight over the latest form of his potential matchmaker, Paul Gascoigne. The midfielder's name was still being thrown about, in acquiring the self-discipline needed to compete effectively at the highest level. This applied to the pining of his game, as he is making too many fruitless runs too often, as well as controlling his temper.

But important as Gascoigne is to Venables for his improvisatory abilities, another, less spectacular piece of his England puzzle could be quietly fitting into place. Paul Ince's recent form for Inter Milan has been outstanding. Since his appointment manager Roy Hodgson started deploying him as a defensive shield just in front of the back four, the pace of the league giants of Italian football has been a revelation.

Ince has won their last two league games, including the derby against leaders AC Milan, without conceding a single goal.

Much of this has been down to Ince, crisp in the tackle, intelligently holding back to protect his defence and swift to prompt counter-attacks from deep in his own half. Even in Inter's defeat against high-flying Fiorentina in the semi-final of the Coppa Italia, Ince attracted a rare eulogy from the victorious manager, Claudio Ranieri, who praised his "stupendous athleticism, heart, generosity and intensity".

What is more, he is winning his laurels without incurring the wrath of Serie A's tough referees. Hard, competitive and disciplined - Venables could wait no more from the man who could become his linchpin in the European Championship.

For the position in which Ince plays has become a crucial one in international football. No one who has watched Holland's Clarence Seedorf or Italy's Demetrio Albertini will doubt the influence that the deep-lying midfielder can have on the modern game.

These are the players who must pick up, or at least keep an eye on, the new breed of strikers who drop off the front line in search of space. Eric Cantona, the supreme exponent of this art in British

football, may not even make it to Euro 96, but Dennis Bergkamp and Gianfranco Zola certainly will.

It used to be said that football matches were won and lost in the middle of the park, but increasingly it is this ill-defined hinterland between a team's midfield and attack that determines its offensive effectiveness.

Ince should now keep his place in an England midfield which has been shorn of key elements

liness. Cantona's extraordinary perception and sureness of touch in this position gives most Premiership sides a sharp footballing lesson: Bergkamp at his best is virtually unmarkable.

How Venables would love Gascoigne to develop some of the tactical acumen of

these highly accomplished footballers. But sadly, although capable of inspirational moments, he has not acquired the off-the-ball sophistication to match his undoubted footballing skills, and running rings around Patrick Thistle full backs is unlikely to sharpen him.

Ince should now keep his place in an England midfield which has been shorn of key elements: Jamie Redknapp, David Platt and Darren Anderton have all suffered varying degrees of injury, while David Batty, so impressive in domestic football, has performed fitfully on the international stage.

Can Bulgaria provide a sufficiently rigorous test of England's abilities at Wembley on Wednesday? Their marvellous World Cup run in 1994, when they reached the semi-finals after a famous victory over Germany, proves they have the ability.

In the volatile Hristo Stoichkov, however, Bulgarian manager Dimitar Penev has his own enigma to deal with. Stoichkov, of the extravagantly gifted left foot and explosive temperament, is another potential match-winner: yet he has not had the happiest of seasons at Paris,

struggling to fit into manager Nevio Scaglia's formations and guilty of some appalling finishing.

Another hero from Bulgaria's 1994 campaign, Yordan Lechkov, scorer of that memorable winning header against Germany, has his own troubles, having recently clashed with the management of his club side, Hamburg.

But the Bulgarians had a very impressive qualification for Euro 96, coming a close second to Germany and prompting Franz Beckenbauer to call them the best side currently playing in Europe during their campaign. Much will depend on the "Wembley factor".

England's showpiece stadium may be in need of a facelift or two, but it still has a remarkable effect on visiting teams who have frequently settled for face-saving draws despite giving every indication that they were strong enough to win.

Perhaps that is unkind to Venables and his team: although come the start of the championship, he surely will not be quibbling if the old place manages to work an intimidating miracle or two on the opposition.

Basketball

Johnson: back to where he belongs

All sports are funny, even basketball. Take a recent Sunday, just another match-up between the Chicago Bulls, the team of the present, and the New York Knicks, who were a great team before its current players had learned how to dribble.

Here were the Bulls, with only six losses in their first 60 games, on track to become the first side to win 70 games in the regular season. This is not just Michael Jordan's team, it also boasts Scottie Pippen, plus a tattooed rebounding fiend called Dennis Rodman, a head case, as we shall see. In more ways than one. Its coach, Phil Jackson, master of Zen and Kierkegaard and a bit player on the great Knicks team of a generation ago, directs this galaxy of talent.

The Knicks, by contrast, had sunk from the respectable to the pitiful, coming off consecutive losses to the league's dregs. The coach, Don Nelson, had been sacked three days earlier to head off an incipient player revolt. Also without their injured best rebounder, the side were a patchwork quilt, too many places occupied by a mess of temporary and third-rate free agent potage. Naturally, the New York Knicks won by 32 points.

Or take another game played at about the same time. It pitted the Seattle SuperSonics, on a 14-game winning streak, fit, young and exciting, against their presumed patsies, the Washington Bullets. With more of their players in bandages than uniforms, the Bullets were relying on wonderful young power forward, Juwan Howard, and a lumbering 7ft 7in centre from Cluj, Romania, called George Muresan. Naturally, the undermanned Bullets won with ease.

Oddness was not only confined to matches. The NBA's pandemics suddenly suspended without pay Mahmoud Abdul-Rauf, nee Chris Jackson, and top scorer on the Denver Nuggets, because he said his Islamic beliefs did not allow him to stand "respectfully" during the playing of the national anthems (these days *O Canada*, as well as the *Star Spangled Banner*).

After one game, for which he would have earned about \$31,000, Abdul-Rauf announced that he would pray during the anthems rather than do stretching exercises, as had been his wont. The NBA, relieved at ducking another controversy, found this the perfect solution and did not mind whether he faced Mecca or not.

Magic Johnson also returned to where he really belongs, in the uniform of the Los Angeles Lakers, four years after quitting on being diagnosed HIV-positive. Now 30½ heavier, he plays power forward, not point guard, and his team has performed better since he came back. But the magic is only there in sports and it would come as no surprise if he does not again soon join the third legend of the 1980s, Larry Bird, back in retirement. (So may "Sir" Charles Barkley of Phoenix, who muses about running for governor of Alabama, as if that state were ready for a black Republican).

Lots of younger men in baggy shorts suddenly found themselves travelling in different directions, too, traded for and against their will. The luckiest ended up in Miami, where the Heat are coached by Pat Riley, formerly mastermind of the Knicks and the Lakers.

He has been given the go-ahead to buy a championship team, although his coaching methods, featuring psychological warfare on his own players and bruising marathon practice sessions, have proven an acquired taste for all but the most devoted. The Heat are probably a good year away from the very top.

The latest rumour mill even has a move in store for Phil Jackson. The word is that he is thinking of going back to his first love and employer, the Knicks - and the shocker is that Michael Jordan might go with him.

Wherever he plays the says he has really felt comfortable in the new United States (in Chicago) Jordan is the constant factor on these courts of change. He is, naturally, once more the NBA's leading scorer on 31 points a game, but statistics cannot convey how good he still is, even after 18 months playing baseball.

With Jackson's discreet connivance, he makes everybody around him better. He takes the spotlight and thus the pressure off the nervous Pippen. He tolerates and moderates Rodman, the hated body-placed scroton and Technicolor hair, or rather he did until last weekend when Rodman, upset over a foul call, decided to headbutt the referee. That cost him a six-match suspension and, with Pippen also out injured, leaves Jordan to do even more if the 70-win summit is to be scaled.

It is not easy to see where basketball finds its next unsullied icon. Shaquille O'Neal, the genial Orlando Magic behemoth, has all in talent, but his application is in question, not surprising given his commercial TV distractions. There are other works in progress - none as talented and as hard-working as Juwan Howard - and one stone cold certain superstar still in college. This is Allen Iverson, but he will not leave Georgetown University until coach John Thompson tells him he can (Big John does not brook argument).

But for now it is Jordan, on which hangs the story of another game before he forsook basketball for a while. LaBradford Smith, an unsung Bullets guard, scored 36 points in a game against the Bulls and Jordan and had the temerity to say afterwards "nice game, Michael". The next time the teams met, Jordan scored 57 points in the first half alone. Mr Smith is now out of the game. Mr Jordan, mercifully, is not.

Jurek Martin

Hockey / Richard Liston

A nice orderly game seeking its Seoul

O f all the battles fought and won at the Seoul Olympics in 1988 none was more resonant than the one which saw the 3:1 triumph by Great Britain over West Germany to win the hockey gold medal. It was the first time Great Britain had beaten the Germans at that game in more than 50 years.

The names of Sean Kerly, Richard Dodds, the captain, Ian Taylor, the goalkeeper, and Kerly's striking partner, Imran Shorani, rolled off the tongues with affection, and for a short while members of the team assumed the giant personas of comic book heroes.

It was a rare achievement of true Olympic proportions; in true amateur spirit, shopkeepers, teachers and the unemployed had succeeded against the odds.

But that was eight years ago, when idealism combined with national pride to inspire a disparate group of superbly prepared athletes to seize the moment in the Soengnam Stadium on that autumn evening. Since then little seems to have happened.

In Atlanta this year things will not be so simple. Earlier this year Britain qualified for the 1996 Olympics with a 3-2 victory over Malaysia. The victory, albeit a nervous one, brought images of 1988 flooding back, but there is little to suggest

that this team will be anywhere near as successful as the one which captured the public imagination in Seoul.

Seoul was the culmination of years of preparation and planning and included seven members of the 1984 team that had taken the Olympic bronze in Los Angeles; today, only the coach David Whitaker remains.

Richard Dodds witnessed the victory over Malaysia and was ebullient in his appraisal of his contemporaries. "Yes, I think they can win gold. You need the right players, the right planning and a lot of luck," he said, adding, with the benefit of hindsight, that the team will now enter the most difficult few months in their sporting lives.

If nothing else, the victory in Seoul has shown that even glory at the highest level

does not guarantee lasting success. After 1988, hockey should have been hogging the limelight, jostling to compete on the back pages of newspapers with football, cricket and rugby.

The reality has been that the sporting public has found it hard to accept the game into its sporting psyche.

Hockey's rulers did not take full advantage of the commercial possibilities which emerged after 1988.

After some initial interest, the sponsors stopped knocking at the door and the media lost interest as soon as the Kerlys, the Dodds and the Shoranis retired from the game shortly after their Olympic mission had been completed.

"We are still in the top six in the world," said Whitaker. "British sport has not matched the investment which other

countries have put in. At the moment, other nations are more successful at channelling resources into the game than we have been.

"After 1988 we were caught on the hop. We were doing well but the other nations were doing better at investing in the sport. What we have to do is get back to the top."

Whitaker says there is investment in young players which is yielding enormous growth, but hockey is still suffering from its traditional image: that of a nice orderly game played by nice orderly cliques.

Amid the back-slapping and congratulatory glee of 1988, for example, one official said he hoped the game would not turn professional, leaving it free from the pressures of commercialism and high-profile

sponsorship. He got his wish. Since 1988 hockey has remained embalmed in blissful innocence, played on Saturdays on the greens of Willesden, East Grinstead and Southgate. Not even the memory of that stirring victory over West Germany has altered this amateur perspective.

Naturally, it was hoped that the success of 1988 would have changed the sport. The options were to embrace wholeheartedly the consequences of professionalism or exist in a state of pretend amateurism, content in the knowledge that the history books will record the achievements of the 1988 Olympic Games.

Sadly, British hockey has achieved neither, remaining in a limbo between desire and dread; wanting a high media profile, sponsors and, most important, a team capable of repeating the success of 1988, while at the same time fearing the less savoury trappings of success.

Hockey has at least preserved its wholesome image and in Atlanta will be happy in the knowledge that Whitaker is again the man in charge. And having done it all before, his tactical and motivational abilities will ensure that, at least for a few weeks in the summer, hockey is back in the public's consciousness.

What the coach would dearly love is another bunch of personalities to fire the imagination the way the class of '88 did.

مكتبة من الكتب

Basketball
Johnson:
back to
where he
belongs

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Koninklijk Concertgebouworkest with conductor Nikolaus Harnoncourt and violinist Gidon Kremer perform Brahms' Violin Concerto and Symphony No. 1; 2.15pm; Mar 24

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● De Lelike Tijd. Proiectie van Nederlandse Interieurkunst 1835-1895: masterpieces of Dutch decorative arts from 1835-1895. In this period different styles from the past were combined, resulting in so-called "neo-styles". Later these were considered bad taste and the period was sometimes referred to as "The Age of Ugliness". Furniture and silverware form the backbone of the exhibition; to Mar 31

OPERA
Het Muziektheater Tel: 31-20-5518117
● L'Incoronazione di Poppea: by Monteverdi. Conducted by Christophe Rousset and performed by De Nederlandse Opera. Soloists include Cynthia Hayman, Brigitte Baileys and Ning Liang; 7pm; Mar 28, 29

BALTIMORE

CONCERT
Joseph Meyerhoff Symphony Hall Tel: 410-783-8000
● Baltimore Symphony Orchestra with conductor Günther Herbig and cellist Carter Brey perform Haydn's Cello Concerto in C major and Shostakovich's Symphony No. 4; 8.15pm; Mar 28, 29

BERLIN

DANCE
Staatsoper Unter den Linden Tel: 49-30-2082861
● Balanchine-Ballettabend: the Ballet Under den Linden in an all-Balanchine programme. The programme includes the choreographies Violin Concerto to music by Stravinsky, The Prodigious Son to music by Prokofiev, and Symphony in C to music by Bizet; 7pm; Mar 24, 27, 30

OPERA
Komische Oper Tel: 49-30-2026000
● Orpheus und Eurydike: by Gluck. Conducted by Thomas Kallio and performed by the Komische Oper. Soloists include Schellensberger, Korndörfer and Kowalski; 8pm; Mar 27

EXHIBITION
Staatsoper Unter den Linden Tel: 49-30-2026000
● Das Rheingold: by Wagner. Conducted by Daniel Barenboim and performed by the Staatsoper Unter den Linden. Soloists include John Tomlinson, Antti Suhonen and Endrik Wottrich; 7.30pm; Mar 28, 31 (8pm)

THEATRE
Deutsches Theater und Kammerspiele Tel: 49-30-2824238
● Mollats: written and directed by Gerardjan Rijnders, performed by the Ensemble des Deutschen Theaters. The cast includes Bärbel Bollé and Guntram Brattia; 7.30pm; Mar 30

BOLOGNA

OPERA
Teatro Comunale di Bologna Tel: 39-51-529999
● Madama Butterfly: by Puccini. Conducted by Marco Guidarini and performed by the Teatro Comunale di Bologna. Soloists include Adriana Morelli, Anna Maria di Micco and Martin Thompson; 8.30pm; Mar 28, 29, 31 (3.30pm)

BONN

OPERA
Oper der Stadt Bonn Tel: 49-228-7281
● Fidelio: by Beethoven. Conducted by Marcello Panni and performed by the Oper der Stadt Bonn. Soloists include Barbara Daniels and Turid Karlsen; 7pm; Mar 31

BOSTON

CONCERT
Boston Symphony Hall Tel: 1-617-266-1492
● Boston Symphony Orchestra with conductor Franz Welser-Möet and pianist Yefim Bronfman perform works by Honegger, Prokofiev and Dvořák; 8pm; Mar 28, 29 (1.30pm), 30

BRUSSELS

CONCERT
Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Barbara Bonney: accompanied by pianist Antonio Pappano. The soprano performs songs by Mendelssohn, Schubert, Sibelius and Barber; 8pm; Mar 31

CAPE TOWN

OPERA
Nico Theatre Complex Tel: 27-21-215470
● Romy and Beas: by Gerahwin. Conducted by Willie Anthony Waters and performed by The Cape Philharmonic Orchestra. Soloists include Simon Estes, Cynthia Clary, Virginia Davis, Ronald T. Smith, Sibongile Mngoma, Fikile Mvinjelwa and Ronnie Theys; 7pm; Mar 30; Apr 4

CHICAGO

JAZZ & BLUES
Chicago Orchestra Hall Tel: 1-312-435-8886
● Wynton Marsalis: performance by the jazz trumpeter; 8pm; Mar 29

OPERA
Civic Opera House & Civic Theatre Tel: 1-312-332-2244



Jazzman Wynton Marsalis, performing in Chicago

● Das Rheingold: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include James Morris, Ekkehard Witschi, Graham Clark and Marjuna Lipovsek; 7.30pm; Mar 25

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Kölner Rundfunk-Sinfonie-Orchester with conductor Hugh Wolff and pianist Hélène Grimaud perform works by Haydn, Mozart, R. Strauss and Ravel; 8pm; Mar 28

EXHIBITION
Wallraf-Richartz-Museum Tel: 49-221-2212372
● Piranesi und die italienische Druckgraphik des späten 18. und frühen 19. Jahrhunderts: exhibition of prints by Giovanni Battista Piranesi (1720-1778) and contemporary artists such as G.B. Tiepolo, D. Tiepolo, Canaletto, Belotto, Pitteri, Vasi and Bartolozzi. Highlights include Piranesi's views of the buildings and ruins of Rome; to Mar 31

OPERA
Opernhaus Tel: 49-221-2218240
● Eugene Onegin: by Tchaikovsky. Conducted by John Fiere and performed by the Oper Köln. Soloists include Andrea Ute and Andrzej Dobber; 7.30pm; Mar 29

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
● Orchestre de la Suisse Romande with conductor Alan Gilbert and pianist Barry Douglas perform Bartók's The Wooden Prince and Brahms' Piano Concerto No. 2; 8.30pm; Mar 27

GLASGOW

CONCERT
Glasgow Royal Concert Hall Tel: 44-141-5328833
● The Royal Scottish National Orchestra with conductor Claire Gilibault and pianist Leon McCawley perform Debussy's Iberia, Mozart's Piano Concerto No. 26 (Coronation) and Falla's El Sombrero de Tres Picos; 7.30pm; Mar 30

HAMBURG

CONCERT
Musikhalle Hamburg Tel: 49-40-346920
● Philharmonisches Staatsorchester with conductor Wolfgang Sawallisch and violinist Sarah Chang perform Schubert's Italian Overture in D major, D560, Tchaikovsky's Violin Concerto in D major, Op. 35 and Beethoven's Symphony No. 7; 11am; Mar 24, 25 (8pm)

OPERA
Hamburgische Staatsoper Tel: 49-40-351721
● La Traviata: by Verdi. Conducted by Marc Albrecht and performed by the Hamburg Opera. Soloists include Cristina Gallardo-Domas and Franz Grundheber; 7.30pm; Mar 29

HELSINKI

EXHIBITION
Anne and Sonja Art Museum Tel: 358-0-840221
● Christo and Jeanne-Claude Projects. Works from the Lija Collection: the exhibition features sketches and scale models of ten projects undertaken by Christo and his wife Jeanne-Claude from the early 1970s up to his most recent work, the wrapping of the Berlin Reichstag in 1995; to Mar 31

HOUSTON

EXHIBITION
The Menil Collection Tel: 1-713-525-9400
● Jasper Johns: The Sculptures: the exhibition includes 30 sculptures selected by Fred Orton, senior lecturer in history art at the University of Leeds, in collaboration with the artist. Most of the sculptures were made between 1958 and 1961, the period in which Johns explored new solutions to questions of perception. The exhibition will travel to Leeds after this showing; to Mar 31

LILLE

CONCERT
Opéra de Lille Tel: 33-20 06 88 04
● Johannes Passion: by J.S. Bach. Performed by La Petite Bande with conductor Sigiswald Kuijken. Soloists include soprano Dorothée Reschmann, alto Andreas Scholl, tenors Christoph Prégardien and Marcus Schaeffer, and basses Werner van Mechelen and Huub Claessens; 8pm; Mar 29

LISBON

CONCERT
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7936131
● Felicity Lot and Ann Murray: accompanied by pianist Graham Johnson. The soprano and mezzo-soprano perform songs by Purcell, Mendelssohn, Rossini, Brahms, Gounod, Saint-Saëns and

FRANKFURT

EXHIBITION

Fauré; 6.30pm; Mar 25

LONDON

AUCTION
Christie's Tel: 44-171-8398060
● The Count Palmeri Collection: devoted to the subject of dogs, this collection was assembled over the last 10 years and comprises pictures, porcelain, sculpture, furniture, silver and objects of vertu. Included in the sale are works by Jakob Bogdani, Arthur Wardle, George Arnfield, Charles Towne, Arthur Hayer, Henrietta Romner-Knip, Jules Leroy and T. Fantin-Latour; 11am; Mar 28

CONCERT
Barbican Hall Tel: 44-171-6388891
● Ralph Kirshbaum, Pinchas Zukerman, György Pauk and Peter Frank: the cellist, violinist and pianist perform works by Beethoven, Dvořák and Brahms; 7.30pm; Mar 28

EXHIBITION
Royal Academy of Arts Tel: 44-171-4397438
● Gustave Callebotte 1848-1894. The Unknown Impressionist: exhibition featuring works by the French Impressionist painter Callebotte. A man of means, Callebotte was a respected botanist, yachtsman, philatelist and a collector of his fellow impressionists' work, activities that have tended to overshadow his achievement as a painter; from Mar 28 to Jun 23

LOS ANGELES

FILM
Dorothy Chandler Pavilion Tel: 1-213-972-8001
● 68th Annual Academy Awards: the ceremonies honouring achievements in motion pictures released during 1995 are hosted for the second time by Winona Goldberg. The 1996 Academy Awards Presentation marks the 24th time the event is held at the Dorothy Chandler Pavilion; 6pm; Mar 25

LOUISVILLE

CONCERT
Whitney Hall Tel: 1-502-562-0100
● Marilyn Horne and Benita Valente: accompanied by pianist Warren Jones. The mezzo-soprano and soprano perform songs by Handel, Gluck, Moore, Thomas, Saint-Saëns, Oborski, Rossini and others; 8pm; Mar 26

LUXEMBOURG

CONCERT
Théâtre Municipal Tel: 352-470695
● Orchestre Philharmonique du Luxembourg: with conductor Paavo Järvi and pianist Pavlína Dokowka perform Honegger's Pacific 231, Liszt's Piano Concerto No. 1 and Prokofiev's Symphony No. 4; 8pm; Mar 28, 29

LYON

CONCERT
Auditorium Tel: 33-78 95 95 95
● Marie-Joëlle Fies, Augustin Dumery, Jian Wang, Gérard Caussé and Ferenc Bokányi: the pianists, cellist, viola-player and double bass-player perform Schubert's Piano Quintet in A major (Die Forelle) and Piano Trio in E flat major, Op. 100; 8.30pm; Mar 26

MADRID

EXHIBITION
Museo Nacional del Prado Tel: 34-1-4202836
● Goya: retrospective exhibition devoted to the Spanish painter Francisco de Goya (1746-1828), in celebration of the 250th anniversary of the artist's birth. The exhibition brings together 170 paintings from the Prado Museum and other museums and private collections, giving an overview of Goya's artistic career; from Mar 29 to Jun 2

MUNICH

CONCERT
Philharmonie im Gasteig Tel: 49-89-4808625
● Wiener Symphoniker: with conductor Georges Prêtre perform works by Tchaikovsky and Ravel; 8pm; Mar 27

OPERA
Nationaltheater Tel: 49-89-21851920
● Il Barbiere di Siviglia: by Rossini. Conducted by Marco Guidarini and performed by the Bayerische Staatsoper. Soloists include Edita Gruborova, Maria Knobel, Reinhold Marbach (Mar 27), Roberto Sacca (Mar 30, Apr 1, 6) and Enrico Serra; 7pm; Mar 27, 30; Apr 1, 6

NEW YORK

CONCERT
Avery Fisher Hall Tel: 1-212-875-5030
● Andrés Schiff: the pianist performs R. Schumann's Arabesque, Davidbündlerstänze, Blumenstück, and Symphonische Etüden; 8pm; Mar 27

EXHIBITION
The Jewish Museum Tel: 1-212-423-3200
● Marc Chagall 1907-1917: this exhibition of paintings, gouaches and drawings provides an overview of Marc Chagall's early career and the decade during which his aesthetic language and attitude were formed. The exhibition includes a selection of

self-portraits, portraits of Chagall's family depicting life in Vitebsk and Lyeon, religious themes, and works produced after his return to Russia; from Mar 31 to Aug 4

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● The Voyage: by Glass. Conducted by Dennis Russell Davies and performed by the Metropolitan Opera. Soloists include Carol Burgess, Patricia Schuman and Philip Creech; 8pm; Mar 28; Apr 2, 6 (1.30pm)

PARIS

CONCERT
Maison de Radio France Tel: 33-1 42 30 22 22
● Orchestre National de France: with conductor Charles Dutoit and pianist Peter Jablonovskiy perform works by Tchaikovsky and Martinu; 8pm; Mar 28

OPERA
Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1 42 66 50 22
● Così fan tutte: by Mozart. Conducted by Jeffrey Tate and performed by the Opéra National de Paris. Soloists include Emily Magee, Susan Graham, Rainer Trost and William Shimell; 7.30pm; Mar 27, 30

ROME

OPERA
Teatro dell'Opera di Roma Tel: 39-6-481601
● La Comte Ory: Rossini. Conducted by Donato Renzetti and performed by the Opéra di Roma. Soloists include Suni Jo, Giovanni Kunde, Donato di Stefano and Alfonso Antonazzi; 8.30pm; Mar 26, 28, 31; Apr 2, 4, 6 (4pm)

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● On the Town: by Bernstein. Concert performance by the San Francisco Symphony with conductor Michael Tilson Thomas. Soloists include mezzo-soprano Frederica von Stade and baritone Thomas Hampson and Richard Zeller; 8pm; Mar 28, 29, 30, 31 (2pm)

STRASBOURG

DANCE
Théâtre Municipal de Strasbourg - Opéra du Rhin Tel: 33-88 75 48 00
● Nederlands Dans Theater 3: perform the choreographies The Old Man an Me, Agony and Again and Again... So Sorry, Silent Crises, Double You, and Moonshine; 8pm; Mar 28, 30, 31 (3pm)

SYDNEY

CONCERT
Concert Hall Tel: 61-2-250-7111
● Sydney Symphony Orchestra: with conductor Lawrence Ramee and violinist Isabelle van Keulen perform Prokofiev's Violin Concerto No. 1 and Beethoven's Symphony No. 5; 6.30pm; Mar 27, 28

VALENCIA

CONCERT
Pau de la Música i Congressos Tel: 34-6-3375020
● Orchestre de la Scala di Milano: with conductor Riccardo Muti perform Beethoven's Egmont Overture and Symphony No. 4, Busoni's Turandot Suite and Respighi's Pini di Roma; 8.15pm; Mar 25

VIENNA

CONCERT
Konzertsaal Tel: 43-1-7121211
● Cleveland Orchestra: with conductor Christoph von Dohnányi perform works by Kurtág, R. Schumann and Stravinsky; 7.30pm; Mar 27

EXHIBITION
Nationaltheater Tel: 49-89-21851920
● Il Barbiere di Siviglia: by Rossini. Conducted by Marco Guidarini and performed by the Bayerische Staatsoper. Soloists include Edita Gruborova, Maria Knobel, Reinhold Marbach (Mar 27), Roberto Sacca (Mar 30, Apr 1, 6) and Enrico Serra; 7pm; Mar 27, 30; Apr 1, 6

WASHINGTON

EXHIBITION
National Gallery of Art Tel: 1-202-7374215
● The Robert and Jane Meyerhoff Collection: 1945 to 1995: exhibition of 190 works from this private collection of post-second world war art. The greatest strength of the Meyerhoff Collection lies in its concentration of works by Jasper Johns, Elsworth Kelly, Roy Lichtenstein, Robert Rauschenberg and Frank Stella; from Mar 31 to Jul 21

ZURICH

OPERA
Opernhaus Zürich Tel: 41-1-268 6666
● Samson et Dalila: by Saint-Saëns. Conducted by Serge Baudo and performed by the Opéra Zürich. Soloists include José Carreras, Agnes Baltsa and Giorgio Zancanaro; 7pm; Mar 30; Apr 3

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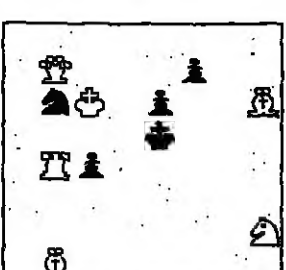
CHESS

Twenty years ago, when UK chessplayers blossomed from international also-rans to No 2 after the Russians, our rising players had many chances to challenge world ranked grandmasters. There were frequent clock and simultaneous displays by Kasparov, Karpov and other stars; a weekend invitation for GMs and juniors; and the annual Lloyds Bank open which the best talents could enter free.

The UK now has few such events, while other countries are developing them. Last month in Cannes veteran GMs led by Smyslov and Korchnoi met a team of French juniors as part of a plan for Etienne Bacrot, 13, the world's youngest IM, to lead a new generation as Short and Adams did in the UK. The veterans won 32½/17½, but Bacrot held his own while Korchnoi, at age 65, is still a good teacher. He scored a crushing 9½/10, echoing his 1977 simul in London where Short was our only winner but a dozen players went on to become GMs (Korchnoi-Lepeletier, English Opening).

1 c4 Nf3 2 Nc3 3 e4 d5 4 e5 d4 5 exf6 dxf6 6 Nxd4 Qxd4 7 Nf3 8 Bg5 9 h3 10 Qd3 11 Qc2 12 Be4 Bb7 13 Bb5 Na5 14 c5! "Knight on the rim looks dim". Korchnoi takes instant advantage. Bxc5 15 d4 exd4 16 cxd4 Bb6 17 d5 Qf4? Losing his queen; Qd8 is better. 18 Be5 Qg4 19 Bx7 Kx8 20 Re4 Qxf3 21 exf3 Kx7 22 Bc3 Resigns. If Bb5 23 Qa4 wins more material.

No 1120



White mates in two moves, against any defence (by Lillian Baird, 1882). Highly recommended is Lillian by Christopher Ravilious (£10 post free from the British Chess Problem Society, Amzomze, Moor Lane, Brighton, Isle of Wight, PO18 4DL), a delightful account of a 10-year-old prodigy who captivated editors and solvers a century ago.

Solution Page 11

BRIDGE

It is fitting that at the end of the week in which the funeral of E.P.C. Cotter, Weekend FT bridge correspondent, took place, we should look at one of his tournament successes.

In 1953 he won the Hubert Phillips Bowl, the mixed team championship of England. Cotter was in a team of London experts, and he and his partner, Pavlides, sitting West and East respectively, got their side off to a winning start:

♠ K 9 3
♥ A Q 4 3
♦ J 7 6 5
♣ 10 2

South opened one heart, third in hand at love all. West doubled, North redoubled and East bid one spade. West raised to three spades and North tried four hearts. Cotter would certainly have doubled this for a modest plus, but his partner had bolder ideas and bid four spades ahead of him, doubled by North to end the auction. Pavlides now had to justify his optimism in the play.

He ruffed the heart lead in dummy, cashed ace and king of diamonds and followed with the nine, discarding a heart when North played low. South ruffed and led a second heart, again ruffed in the dummy.

The queen of clubs was run to South's king but declarer could now win the club return in dummy and play ace and jack of spades, claiming 10 tricks.

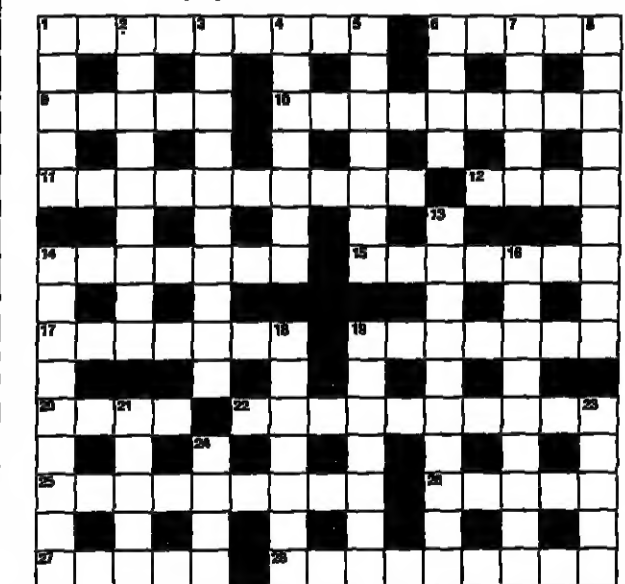
Had South exited with a heart instead of a club, Pavlides was ready for him: ruff in dummy, cash the ace of spades, ruff a diamond in hand, cross to the queen of clubs and play the last diamond, making his 10 of trumps en passant.

Worthy of Pat Cotter himself.

John Williams

CROSSWORD

No. 9026 Set by CINEPHILE
A prize of a cinema Palatin Souvenir 800 value pen for the first correct solution and five runner-up prizes of £25 Palatin vouchers. Solutions by Wednesday April 8, marked Crossword 9026 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday April 6.



Name: _____ Address: _____

ACROSS
1 Fascinated by intelligence brought to revolutionary in (6)
5 Italian food, the finished article (5)
9 Seafood with a number in flower has a high bridge (5,4)
11 Reducing workforce by putting adhesive on feathers (10)
12 See 9 down
14 Fruit of tree put in vehicle by person with long service (7)
15 The last word to give encouragement to Number Ten? (7)
17 One barrier turns into another - moral tale (7)
19 Tailless elephant was first to be confounded (7)
20, 24 Join circle within back door of hard timber (8)
22 Haven't seen building, which is providential (6,4)
25 Skill retained by sailor - sorry, sailor (9)
26 Second part of two letters tied together with a strap (8)
27 Nymph says "Alcohol can damage your health" (5)
28 Electrical supplier has information on big-time and small-time gold (9)

DOWN
1 Gym is in order for someone like us (5)
2 Nearly break the rules during drought in the Lake District (5)
3 Conspicuous is barren - another way to reproduce (10)
4 High on gold, Zian's ruin lies between earth and heaven (7)
5 Protest not quite nice? Absolutely wicked? (7)
6, 12 Ultimate safeguard for trousers and shirt? (4,4)
7 Influence of cold on beer (5)
8 Pen for silly creatures abusing their flesh with dogs (8,3)
9 Scylla, for example, having S-Sunday without Monday? (3,7)
10 Divers upset with old age pension vanished into thin air (9)
11 Part uncertainty, we hear, like a barrel or pastry? (8,3)
12 Time for getting things straight (7)
13 Field event: live wild, entering in a month (7)
14 Plot device for one among the active (5)
23 One note in the row is a beast (5)
24 See 20

ACROSS
1 A C O U N T
2 E N T E R T A I N M E N T
3 F I L M
4 C O N T R A P T I O N
5 A R T
6 C O N T R A P T I O N
7 A R T
8 C O N T R A P T I O N
9 A R T
10 C O N T R A P T I O N
11 A R T
12 C O N T R A P T I O N
13 A R T
14 C O N T R A P T I O N
15 A R T
16 C O N T R A P T I O N
17 A R T
18 C O N T R A P T I O N
19 A R T
20 C O N T R A P T I O N
21 A R T
22 C O N T R A P T I O N
23 A R T
24 C O N T R A P T I O N

DOWN
1 A R T
2 C O N T R A P T I O N
3 A R T
4 C O N T R A P T I O N
5 A R T
6 C O N T R A P T I O N
7 A R T
8 C O N T R A P T I O N
9 A R T
10 C O N T R A P T I O N
11 A R T
12 C O N T R A P T I O N
13 A R T
14 C O N T R A P T I O N
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16 C O N T R A P T I O N
17 A R T
18 C O N T R A P T I O N
19 A R T
20 C O N T R A P T I O N
21 A R T
22 C O N T R A P T I O N
23 A R T
24 C O N T R A P T I O N

WINNERS 9,014 J.H. Evans, North, W. Glamorgan; J.L. Dickson, London; N. R. Ryland, Scarborough; Yorks. R.M. Nash-Alley, Slough; W. Quiner, A.E. Ogden, Hopwood, Birmingham; A.C.L. Wheeler, Harrow, Middlesex.



James Morgan

Bone-headed amorality and family values

Although there are still dirty deeds in Slovakia, there is hope for healthy renewal in the Czech Republic

The erratic nature of reform in Russia was brought home to me the other day at a lecture by the head of the country's central bank, Sergei Dvynin. In response to a question, he said millions of Russian workers had not been paid because their bosses had put the money on deposit and shared the interest payments out among themselves. They had then encouraged trade unions to demonstrate outside the central bank for new credits to pay the wages.

The story reflects the bone-headed amorality so typical of much of the "transition" from Com-

munist. Hence the sad tale of Michal Kovac, the son of the president of Slovakia: last August, secret servicemen allegedly ambushed his car and drove him into Austria. They poured a bottle of booze down his throat and left him outside the first police station over the border.

The aim, apparently, was to get Kovac extradited to Germany where he was sought in connection with an apparent fraud. The prime minister, Vladimir Meciar, is involved in a power struggle with the president and was accused of masterminding the plot.

But last month the Vienna courts

sent Kovac Jr back home, unleashing a welter of actions for defamation in Slovakia. This pointless episode reflects the way politics work in a part of the world untouched by either the civilising influence of the European Union or the decades of hard lessons learnt by developing countries in their slow progress to the status of emerging markets.

Now let's turn to Bulgaria which has held a prominent place in this column because of its pioneering role in the more exotic areas of human behaviour.

It is not surprising that its criminal classes should seize opportuni-

ties of which others might only dream. On St Valentine's Eve, thieves broke into a pipeline at the port of Varna to steal its contents. A petroleum engineer might have told them that the oil thus rendered available far exceeded anything they could hope to absorb. The result can be imagined: Varna's water supply suffers the effects to this day.

It was all so predictable. In 1990 I met a young man in Poland who regularly went to what was then still West Berlin to buy packets of tins of meat past their sell-by date. These were sold at a huge profit in Warsaw. An American manage-

ment consultant told the young man that capitalism was not like that: "It is a partnership. You can't just go round gouging; you can swindle one person only once." The young man replied: "There are 36m people in this country."

Yet in spite of the evidence of widespread local eccentricity, the reporting of eastern Europe is still dominated by considerations of high policy rather than low morality. These lands are actually existing societies, not merely the leftovers of socialism. And so they often slip back into ways that 80 years of fascism and Communism have given new and nasty forms.

How nice it is, therefore, to discover in the Czech Republic a policy of healthy renewal. This country's present prosperity and stability stem from a deliberate revival of bourgeois values. Thus 200 "family schools" have now reopened, having been closed by the communists. They offer hope to all those dissatisfied with much of what passes for education today.

The schools instruct nice girls in the mysteries of domestic science, typing, folk singing and morality. At graduation, the ladies attend a dance, partnered by established members of the local business community. These nearly-young escorts

often thank the headmistress for bringing up the young ladies so nicely. Some Czechs uncharitably call these institutions "dumplings universities", an allusion to the delicacy that still provides the hard core of the national cuisine.

It is time international institutions drew the correct conclusions from the experience of this region. They must help these countries to enter their healthy traditions to assure more stable progress than that based on the ruthless application of the value-free theories of market dogmatists.

James Morgan is economics correspondent of the BBC World Service.

Interview

A Medici for modern Britain

Andrew Adonis meets Lord Rothschild, whose vision matches his role in dispensing National Lottery funds to heritage causes

Ask a computer to simulate Britain's Great and Good, and it would probably come up with Lord Rothschild. Everything fits: name, title, Eton, Christ Church (first in history), multi-millionaire, 60 next month, former chairman of the trustees of the National Gallery, and now chairman of the National Heritage Memorial Fund.

Which is just as well, for Jacob, fourth baron Rothschild of Tring, is very Great and very Good. Courtesy of the National Lottery, his government-appointed heritage quango has been transformed into one of the world's greatest cultural patrons. He and his 13 fellow national heritage trustees are the Medici of modern Britain, dispensing lottery largesse to the tune of £300m a year.

Rothschild has the vision to match. "We stand accused of living in an insular and unheroic age," he declares. "This should be the decade of the lottery entrepreneur, of project champions, and for once we have the resources to back good ideas."

There can be no denying Rothschild's claim to Goodness. The remarkable restoration of Spencer House overlooking Green Park and Waddesdon House in Buckinghamshire - the only one of Europe's original 60 Rothschild museum-palaces still in full splendour - are largely his private work, although he owns neither. He gives most of his time gratis to promoting the national heritage, and regards it as a "national challenge" to persuade other successful businessmen to take on voluntary philanthropic work.

"American culture brings people up who have made good to give a lot back - that is less the case here," he is reluctant to moralise, conceding only that there are "probably many reasons" - "and it is not a matter of tax" - why this is so.

Rothschild is also Good by ministerial decree. For the national heritage is one of the five lottery "good causes" designated by the government. Even before the scale of the lottery's success was apparent, Rothschild's National Heritage Memorial Fund was awarded a fixed fifth of the "good causes" fund, and is accumulating more than £5m a week from the punters.

It was an appropriate appointment and not just because of Rothschild's own cultural qualifications. His father, Victor, the mercurial troubleshooter to successive prime ministers in the decades until his death in 1990, in effect

invented today's lottery. The royal commission on gambling, which he chaired in the late 1970s, was the first to recommend a "national lottery for good causes". The causes were to be mostly arts, heritage and sport, with the money deliberately ring-fenced from Treasury depredations - a blueprint for the Camelot operation launched 16 months ago.

"Yes, there are coincidentally rather a lot of family connections," says Rothschild with a smile. "and it is not just my father." He tells the tale of Montmore, the Rothschild house, of which the celebrated sale in 1977 - involving the dispersal of its fabulous contents - led to the foundation of the National Heritage Memorial Fund in the first place. Montmore is now headquarters of the National Law Party, which advocates yogic flying.

Then there was his grandfather, who in 1912 produced a list of 250 prime nature reserve sites which he tried to persuade the National Trust to acquire. "Nature and nature conservation are all part of my remit, too."

"Of course, my father got it wrong in one major respect," he adds. "He projected that the lottery would yield £45m for the good causes in its fifth year: in the event it hit £1.5bn in the first year, and that puts us in a different league."

In particular, it put the Medici in the media spotlight. Not everyone was convinced about the goodness of grants such as the £13.25m paid to the Churchill family for Sir Winston Churchill's papers, the heritage fund's first large award. It fell foul of the tabloids and MPs claiming that a coterie of the rich was doling it out to their wealthy chums.

Such barbs have struck home. Rothschild talks of the need to strike a fair balance between "bread and circuses" at the national level. Research has been commissioned on public attitudes to heritage. Rothschild has embarked on a national heritage progress ("I was in Manchester last week, and am off to Leicester next week - it is not all done from London"); and pro-active initiatives such as the heritage fund's City Parks programme, to spruce up Britain's metropolitan parkland, have been launched.

"More than 8m people a day visit urban parks, and many are in a poor state," he says. Such figures roll off his tongue. Some are clearly intended to fend off the tabloids ("more people visited museums last year than attended football matches, just"). But his commitment to



Lord Rothschild: "occasionally you have to say that something is simply so excellent that you have got to put it on its feet"

making heritage publicly accessible appears genuine. Asked about his private efforts at Waddesdon, he declares with pride: "Last year we had 160,000 visitors - more than any other house in the Thames and Chiltern area. Just a few years ago Cliveden was a long way ahead of us, now it is some way behind."

Popular and "accessible" have become Rothschild's watchwords. Urban parks are "an extremely popular area of our heritage". He is sure that the £7m grant towards a new cultural complex in Salford, housing the city's Lowry collection, will be a "popular project in a depressed area". The "popular" list also features £2m towards the restoration of St George's market in Belfast and £5m for Bradford's National Museum of Photography, Film and Television.

Yet it is not all circuses. Rothschild sees himself as steward of a crucial national industry. "Britain's heritage has been seriously underfunded in recent years, and it

is right economically that we should be looking after our past," he insists. "As the industrial base of this country has declined, so our past and the presentation of our past has become more important. It is surely right to pay attention to our past because it is so much a part of our future."

Is Britain's future, then, to be a giant heritage theme park? "We are not like Venice, because we still have a producing economy, so no. But we are aware of the risk that we could tilt too much in the direction of being a country whose past predominates."

Again, it is all a question of balance - between the past and the future, and between heritage as an industry and heritage for its own sake. "Frankly, these balances are not easy to strike."

Rothschild's real problem is with heritage for its own sake. The memorial fund's last annual report declared: "We hope to ensure that lottery money will be distributed to the widest benefit of those from whom it comes - the

players of the National Lottery." It is pointless to claim that spending £13m on the Churchill papers meets that objective. Nor does the £1.8m granted to Chetham's Library in Manchester - a collection of 100,000 printed volumes, most of them pre-1861.

So why provide the £1.8m? "Chetham's is a distinguished jewel of this country. You can't expect that hundreds of thousands of people will go through it, but occasionally you have to say that something is simply too excellent that you have got to put it on its feet."

In other words, the Medici must have some discretion to act like the aristocratic patrons of old, even if they court unpopularity in the process.

In essence this has always been the role of the Great and the Good - to provide a check on raw democracy, promoting the public good better than the punters could do by their own judgment, while not offending them too much in the process.

Rothschild is acutely aware of the delicacy of his position. "People are right to ask

whether so much power should go into the hands of non-elected quangos. They may say, we buy the argument that these oligarchical kings have the ability to do useful things, but the sums of money are so large, can these people be relied upon to get money out to where it should go?"

And the answer to his question? "You have to be aware of the problem," he says. "Take the example of urban parks, a vital and popular part of this country's heritage. It is not a question of political correctness, but it may help to persuade people to trust in our ability to do a good job."

It is largely, then, a question of how the Great and Good behave, not the fact of their existence. But Rothschild believes that remuneration is also an issue. "Remember that we are unpaid, and give up literally thousands of hours of time." The lack of remuneration leaves "a narrow pool in which to fish for members of bodies like mine". A glance at the list of the heritage fund's trustees - three peers, four knights, a professor and a

naval commander among the 14 - and you understand.

Of one thing he has no doubt: "We would have no difficulty continuing to give grants with lottery money at the present rate." Not that he

wants to be Medici for life. When his term expires in two years, he will have notched up 14 years at the National Gallery and the heritage fund combined. "I shall need a respite by then."

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Peter Aspdon

God save us from the Sex Pistols



Who or what made the most depressing comeback of the week? The soporific Bob Dole demolishing his more charismatic rival in his sweeping Super Tuesday victory?

The lumbering Joe Bugner moving like a brontosaurus in an irrelevant boxing ring somewhere in Berlin? Yet more phantasmic frolics from The Beatles?

All these were mere trifles, part of the froth and flux of history's mischievous master narrative, when compared with the truly monstrous news from London that the Sex Pistols had reformed.

John Lydon and his cohorts are the group we really did want to die before they got old. Put aside for one moment the lack of musical talent (although the playing did reveal a

certain urgency), the self-mutilation (admittedly a rich source for socio-economic symbolism), the spitting, the pretentiousness, the mocking brutality that could only come from young boys playing hard men.

Put aside also the laughable lyrics, which outraged British sensibilities about as much as an over-the-top snog in a soap opera. "I am an anti-Christ," yelled Rotten, but he sounded even less convincing than Mick Jagger when he sought sympathy for his friend with the pitchfork.

There is a received wisdom that punk and the Sex Pistols put energy, anger and revolt back into British cultural life; yet here we are, still admiring adaptations of Jane Austen, landscapes by Cézanne, singles by Status Quo and yet another Eagles tour. Punk and its immature ambassadors changed absolutely nothing. It was merely a knee-jerk movement by

a generation enthralled by and envious of its predecessors' knee-jerk movements. You had Elvis, the Stones, Bowie, it cried: we want some anarchic fun, too.

One obvious objection to the Sex Pistols getting back together is that they were all about youthful rebellion, sweeping away the old farts, giving pop music a much-needed surge of adolescent adrenalin. Lydon is now 40. But he is, to give him credit, intelligent enough to realise his position is untenable. He counters with crude irony ("We've found a common cause, and it's your money"), and irascibility, managing to echo Paul Johnson's infamous 1964 attack on the "menace of Beatism" when he dismisses "all those trashy little pop stars" of today.

But a more important drawback to punk revivalism is that nobody, surely, is in the least bit interested in

reliving the period from which the Sex Pistols sprang. Nostalgia is not indiscriminate. While one can listen to "Strawberry Fields Forever" and get lost in a haze of Summer of Love memories (or clichés), I have yet to find anyone who hankers after the heady days of the late 1970s.

Indeed, this was one of Britain's most ignoble periods. Begging bowls to the IMF, rubbish piling on the streets, "Crisis What Crisis?", Lib-Lab pacts. The Sex Pistols, making an instant cult of depression and degeneracy, provided the perfect soundtrack. "No Future," they cried: it was only true of Old Labour. The rest of the country was soon to fall under the spell of so-called popular capitalism. Punk, and the Pistols, failed to keep up.

But now we have moved on yet again. What climate will they find on their comeback tour, when they play

their first UK dates at the end of June? Their bitterly sarcastic "God Save the Queen" might raise a few more chuckles than it did in Jubilee Year. "I Don't Want a Holiday in the Sun" could be the keynote for a new skin cancer awareness campaign, no one will spit at anyone else for fear of spreading tuberculosis, but they will find it is now perfectly acceptable to litter television interviews with four-letter words.

And like that other fab foursome, the Pistols will be attempting to recreate the magic without one of the group's most important influences. Can they make it, deprived of Sid Vicious's morose on-stage posturing and off-stage death games? No need to worry. Lydon, hoping his geriatric fans will "get their wheelchairs stuck in the mud" at their Finsbury Park concert, is still ridiculous enough to speak for all of them.

Diary of a Private Investor

[illegible]

another name.

FT41

[illegible]

Shares in South West Water jumped 50p to 685p this week on the prospect of the company receiving two rival bids later this year. On Thursday, Birmingham-based Severn Trent announced it was seeking regulatory clearance to make an offer for South West, which already is facing a proposed bid from Wessex Water. The bid of Bristol's Rintoul's £1.8bn hostile takeover bid fought back this week by forecasting a 38 cent cost rise in profits to about £142m this year. Chief executive John Clark said the better than expected improvement on stripped Rintoul's 20 per cent a year growth target.

Down the back of space this week's directors' share table will appear next week.

Weekend Investor

Wall Street

The Rip Van Winkle route to success

Maggie Urry contemplates another happy year for investor Warren Buffett

This was a year in which any fool could make a bundle in the stock market. And we did. To paraphrase President Kennedy, "a rising tide lifts all yachts". So says Warren Buffett in his letter to shareholders of Berkshire Hathaway, the investment, insurance and holding company he chairs.

He is, as usual, too modest. For the 15th year in a row, and the 38th of the last 31, Berkshire's per share book value has grown by more than the rise in the Standard & Poor's 500 index including dividends. It is an enviable record. But it is even more of a feat when tax is taken into account. The rise in the market ignores tax. Berkshire's book value is calculated after the company has paid tax.

So how did Buffett do so well in 1995? His success depends on picking the right stocks and then doing nothing. He says in his letter: "We continue in our Rip Van Winkle mode: five of our top six positions at year end 1994 were left untouched during 1995."

Untouched by Buffett, perhaps, but not by the market. Every one of Berkshire's top seven holdings at the end of 1995 - this time he is only disclosing holdings over \$500m, not the \$300m he chose last year - had risen by more than the S&P 500 over the year.

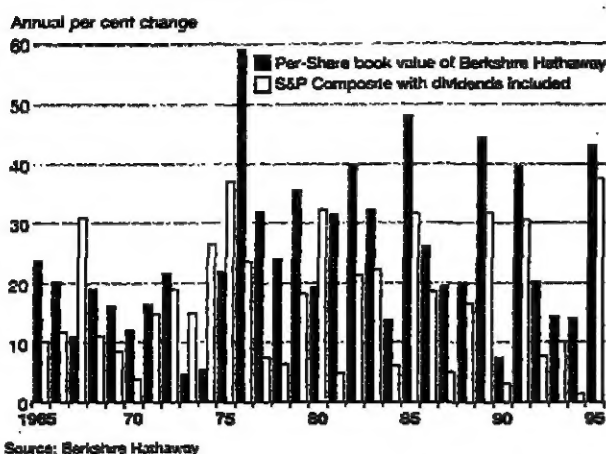
It has to be said that three of them were given some help by Berkshire itself, leaving aside the possibility that Buffett's passion for Coca-Cola's products was the driving force behind that company's share price performance in 1995.

The only change to the holdings Buffett made during the year was to invest a further \$670m in American Express, the bank and credit card group, taking Berkshire's stake from 5.5 per cent to 10 per cent. His buying interest would have helped boost Amex's price.

Berkshire also lifted the share price of another of its big holdings, Geico, the insurance company. During 1995 it announced a takeover bid for the 50 per cent of the company it did not already own, only completing the deal just after the year end.

The third holding to get a boost from Buffett is Capital Cities ABC, the broadcasting group, which agreed to a \$19bn bid from Walt Disney last summer - another deal which did not go through until after the

Buffett beats the index



year end. That merger was, in a way, also thanks to Buffett. He tells how, one July day, he was walking up Wildflower Lane to play golf with Tom Murphy, chief executive of CapCities, when he bumped into Michael Eisner, the boss of Disney.

"We chatted briefly," says Buffett, "and the subject of a possible combination of Disney and Cap Cities came up." Eisner and Buffett waited for Murphy to arrive, and "in the short conversation that ensued" it became clear that a deal could be struck.

Leaving aside the image Buffett presents of three such powerful men arranging a \$19bn deal, it is evidence of the active role Buffett takes in many of his investments. The deal, he believes, would have happened one day even without that chance meeting, but not as quickly.

Buffett reveals in his letter that he has been buying more Disney shares to add to the 20m or so Berkshire will get in return for its CapCities stock. Perhaps it will make up for his selling Disney shares in 1997 at a price now equivalent to 45 cents a share. Disney is currently trading around \$65.

These gains all contributed to a \$6.75bn rise in value of the group's equity securities from \$15.2bn to \$22bn, a greater increase than the \$5.34bn gain in shareholders' equity. The comparison between the two numbers is not really fair, since there are many other changes taken into account in the increase in shareholders' equity.

It is a good thing that Buffett has found someone who could take over running the invest-

ments if something happened to him. The acquisition of Geico brings Lou Simpson, in charge of Geico's investments, into the Berkshire camp.

Simpson, says Buffett, "takes the same conservative concentrated approach to investments that we do at Berkshire" and the equities under his management have returned an average of 22.5 per cent a year, compared with 18.7 per cent from the S&P 500, over the last 15 years.

It is also fortunate that the investments did so well, since the businesses Berkshire owns had a more difficult year. In spite of two acquisitions, the company's earnings from operations fell slightly at a time when US corporate profits were still rising strongly.

As usual Buffett gives few clues as to what this year will bring. He appears to have cut his bond holdings sharply last year, ready for the weakness in that market. The takeover of Geico gives Buffett another \$30m to play with from the "float" - the premiums paid which are held to settle claims. There is one share Buffett will not be buying, though. He says Berkshire is "selling at a price at which I would not consider buying it". The market took the comment to heart. On Monday, when the letter became public, the share price dropped by \$2.15 to \$34.60. There is no pleasing some people.

Dow Jones Ind Average

| | |
|-----------|------------------|
| Monday | 5,683.60 + 98.63 |
| Tuesday | 5,669.51 - 14.08 |
| Wednesday | 5,656.42 - 14.08 |
| Thursday | 5,626.85 - 29.54 |
| Friday | |

London

Is a losing streak overdue?

Philip Coggan looks at prospects for equities

This is the time of the year to feel sorry for trees and postmen. Spring has sprung and a young marketing man's fancy turns to sending out brochures to UK investors, inviting them to take advantage of their annual personal equity plan allowance.

There is nothing magical, of course, about investing just before the April 5 deadline which marks the end of the UK tax year. The tax break from Peps is small, at least in the first few years; assuming a fund, or share, yields the market average of 3.8 per cent, the first year tax saving for a basic rate payer is just £45.60.

Changes can easily wipe this out, and so can a 0.75 per cent move in the stock market. That is equivalent to a 28-point decline in the FT-SE 100 index, the kind of change that often occurs in a day. So the key question for readers wondering whether to take the Peps plunge is whether this is a good time to invest in shares.

It is tempting to say there is never a bad time to buy equities. Over the long run, they have produced much better returns than either bonds or cash. BZW's equity-gilt study shows that £1,000 invested in equities in 1946 had, with dividends reinvested, become £513,730 by the end of last year, the equivalent figure for gilts is £19,450 and for cash £30,350.

The short run can be a quite different matter, however. BZW's study also shows that, in the 50 years since the second world war, shares have produced a negative return in 15, or roughly one in three. But only two of those down years have occurred in the past 20. History suggests that a losing streak is overdue.

Potential negative influences on the market are the sub-4 per cent dividend yield, the recent weakness in gilts, and the prospect of a general election within the next 12 months. Robert Fleming Securities has listed around 12 Labour policy measures which might

have an effect on either the overall market, or sectors within it; noteworthy are the prospect of higher corporate taxation, tax changes to discourage the payment of high dividends, tighter control on utilities, more stringent control of takeovers, acceptance of the EU's social chapter, and adoption of the minimum wage.

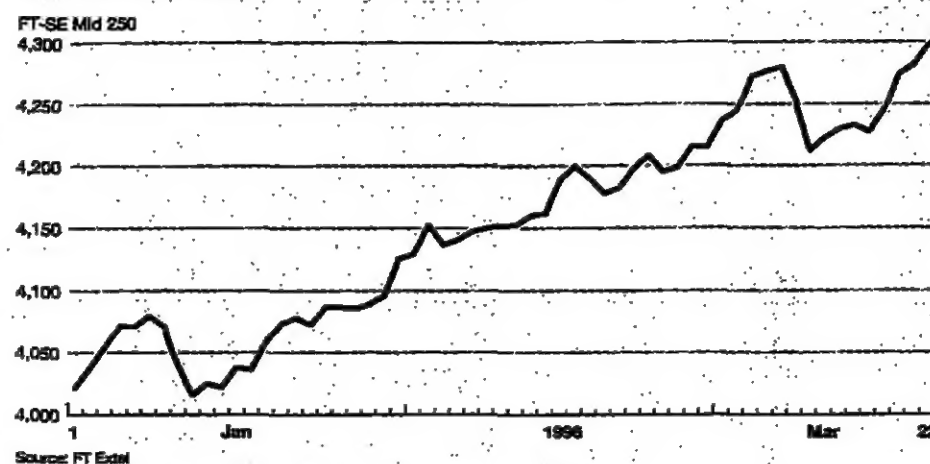
None of these changes is likely to be positive for equities, although it is worth remembering that, in 1992, the market did not really start to fall in anticipation of a Labour victory until around five weeks before polling day. The most likely date for the next election is probably still May 1997.

But Paul Walton, UK strategist at Goldman Sachs, is gloomy in the short term. His latest research note says: "Sentiment on the UK equity market is deteriorating. We believe the market is now entering a classic bear market phase - when prices fall over time, even though the market is up



As April 5 approaches, it is time to feel sorry for postmen

Up, up and away...



Highlights of the week

| | Price | Change | 52 week | 52 week |
|---------------------|--------|---------|---------|---------|
| | Low | on week | High | Low |
| FT-SE 100 Index | 3707.0 | +62.2 | 3781.3 | 3128.3 |
| FT-SE Mid 250 Index | 4304.3 | +77.1 | 4304.3 | 3416.2 |
| Austin Reed | 228 | +21 | 236 | 150 |
| SOC | 888 | -25 | 948 | 690 |
| Commercial Union | 588 | +25.4 | 654 | 520 |
| Dawsonsonup | 204 | -42 | 343 | 197.6 |
| Dorling Kindersley | 578 | +78 | 578 | 325 |
| Go-Ahead | 297 | -48 | 347 | 176 |
| On Demand Info | 306 | +10 | 325 | 83 |
| Rainford | 268 | -105 | 449 | 258 |
| Smith (WH) | 447 | +26 | 447 | 321 |
| Southern Water | 754 | +45 | 754 | 554 |
| South West Water | 667 | +48 | 667 | 485 |
| Wagtail | 305 | -39 | 311 | 236 |
| Young & Co's Brew A | 550 | -82 | 550 | 425 |

on more days than it is down - and we would strongly reiterate our advice to adopt an underweight and defensive position."

Bulls, however, can point to the continued strength of corporate earnings and dividends. The results' season has failed to produce any news likely to frighten the horses.

The four-week average of the dividend index, this column's indicator of corporate sentiment, has risen to 60.4 per cent. Dividends have been slightly stronger than expected during the season and, of the 135 companies reporting between March 15 and March 21, only four cut their payouts.

Takeovers continue to bolster the market, with Severn Trent indicating this week that it was willing to enter a bidding war with Wessex Water for South West Water.

Share buy-back programmes, when companies return cash to shareholders by purchasing their own shares, can be another positive factor. Buybacks are less common in the UK than in the US, but yesterday's programme from Guinness returned around £460m to the pockets of shareholders.

Those who look at charts see no reason to be gloomy despite Footsie's failure to pass its all-time high of 3,781.3. The latest note from technical analyst Robin Griffiths, of broker James Capel, says: "Nothing has gone wrong on the chart for UK equities. It still shows a prime uptrend, a pattern of rising major highs and lows above a rising 300-day moving average."

In fact, if you ignore Footsie, the picture looks a lot brighter. The FT-SE Mid-250 index

recorded three all-time highs this week, helped by the speculation in the water stocks.

Some would also argue that the strength of the Mid-Cap stocks reflects the greater exposure of such companies to the UK, where some hope that tax cuts and building society payouts will fuel a consumer-led rebound. In contrast, the leading 100 companies are multinational and, accordingly, will be affected by the sluggish growth of the world economy.

There could be an element of catch-up in the strength of smaller stocks; the FT Small-Cap Index underperformed the Footsie by more than 7 per cent last year. But it might also herald the return to the era of small company out-performance which was identified by Edwy Dimson and Paul Marsh of the London Business School in the 1980s.

So, how does all this help those of you knee-deep in Peps brochures at the moment? Perhaps the mood is summed up best by Bob Sample, head of the equity strategy team at NatWest Securities. He says: "I suspect we're going to be in a trading range as we were in late 1994 and early 1995, when the market moved sideways for a number of months." His forecast for Footsie's level at the end of the year is 3,700, barely different from its level now.

The implication for those considering a Peps investment is that there is no need to rush. If you wait until the end of the calendar year, on NatWest's forecast, you will end up paying around the same prices for shares.



Barry Riley

Our social insecurity system

Reform is needed - and Chile could be a model for change

Many years ago, some cynical newsmen competing to devise the most low-key headline imaginable came up with "Small Earthquake in Chile - Not Many Dead." But a more topical version of events in that country would be: "Small Stock Market Setback in Chile - Millions Face Pensions Scare." For calendar 1995, the country's 21 private sector administrators of pension funds showed annual investment losses for the first time.

The Chilean pension reforms of 1981 - whereby a deficit-ridden, unfunded social security system was reconstituted on a funded basis - seemed only like a local curiosity at the time but are now being studied widely. So is Singapore's more ambitious (and considerably older) Central Provident Fund. The interest has been aroused because social security systems have lurched into financial crisis, even in the most developed countries.

Social insurance was introduced by Bismarck's Germany in 1881, and Germany remains one of the bastions of the principle. The original basis was quite cheap because the benefits were low and pensions, for instance, usually were enjoyed for only a few years (although many people had none). When UK social security began early in

the century, there were 10 contributors for each pensioner. By 2030, though, there will be only about 1.6.

Social insurance is a promise from one generation to the next that is not backed up with a proper contract. The language used is of contributions and rights, but the reality is that payments into the scheme are taxes; there is no fund to secure the promises; and the future benefits can be reduced arbitrarily or withdrawn by the government. The UK's basic state pension has fallen from 20 to 15 per cent of average male earnings over the past 15 years and will drop much further.

In the case of pensions the promise has, foolishly, been made independent of changes in longevity. Early in the century, the average pensioner collected for only a few years. Now, he or she is likely to do so for 15 or 20 years (although, in the UK, the pensionable age for women is being raised - in another breach of promise - from 60 to 65). So you could argue, in contrast, that what is going on is not a devaluation of promises but the withdrawal of an unintended and unearned enhancement of benefits.

All over the world, lecturers are pointing grimly to charts of demographic trends and talking of financial crises and pension "time bombs".

According to the World Bank, the number of people all around the globe aged over 60 will rise from 500m in 1990 to 1.4bn in 2030.

Fortunately, there is much nonsense in all this alarmism. Increasing longevity surely is a great blessing so long as it is combined with reasonably good health. But people will

All over the world, lecturers are talking of financial crises and pension 'time bombs'

have to be prepared to work longer - and, if not continuing at full stretch in their original occupation, then more gently in a second career.

Existing employment customs and pension schemes do not, however, encourage such a response; indeed, people in western countries often are retiring earlier rather than later.

Unfortunately, it often seems easier to raise tax rates and benefit levels to unreasonable levels than to introduce labour market reforms that might encourage a more natural reaction to a changing population balance.

A recent report by the Adam Smith Institute compared the

Singaporean and Chilean models of welfare reform. The remarkable system in Singapore involves a contribution as high as 40 per cent of pay, and is surely made acceptable only by the facility for borrowing back money to finance house purchase. The scheme can work only in a highly disciplined and rigid society.

The Chilean model of compulsory funded pensions - with contributions running to 10 per cent of pay - has been particularly important in creating sources of long-term capital in a South American environment where this is quite rare. The Chilean economy has grown strongly at 6.7 per cent a year for most of the time since the scheme was introduced in 1982.

If the capital made available by the funding of pensions creates growth, then those pensions are made more secure. There are, however, investment risks - and since the average AFP has 60 per cent of its portfolio in government or government-guaranteed instruments, this is far from complete privatisation. Last year, when the stock market fell and interest rates were rising, the pension funds showed their first-ever negative returns.

In the UK, a body called the Retirement Income Inquiry - sponsored by, although supposedly independent of,

the National Association of Pension Funds - has proposed going part of the way down the Chilean road. Employers and employees would be required to pay a minimum contribution into approved funds.

Compulsion is recommended because, otherwise, there would be a serious "free rider" problem. Many people might decide to live for the moment during their working lives and rely on the state to bail them out in old age.

The disadvantage of mandatory contributions, however, is that the accumulated funds would be vulnerable to future raids by the government in search of taxation revenues - by charging income tax on investment income, for instance, or imposing unreasonable restrictions on eventual draw-down. Compulsory savings represent a sitting target, rather like post-war credits. Voluntary top-up schemes, in contrast, would have the advantage that attractive tax incentives would have to continue to be maintained by the government in order to encourage them.

The probable outcome will be, in the end, a compulsory plan phased in over several years - with, as in Australia, only the employers paying at first. This could be one of the bigger earthquakes radiating out from from Chile.

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